

White House deeply divided over action against Iran

at President Carter and his advisers are deeply divided over the presidential aide's saying that "we are down a slippery slope to-

wards a military confrontation". In Iran, fighting has broken out between Kurdish tribesmen and the Iranian army. Tehran has threatened to close the Gulf if America toughens its policy (report, page 8).

Reports embarrass Mr Carter

From Cross
April 24
embarrassment of Carter and his senior advisers among the military action has been made

White House officials issued a report in *The Times* that some of Carter's advisers are apprehensive of the possibility of a confrontation with Iran. The report, which was leaked to the press, said that some of the advisers were "down a slippery slope towards a military confrontation".

Mr Carter's advisers are deeply divided over the presidential aide's saying that "we are down a slippery slope towards a military confrontation".

Gunships and jets attack Kurdish rebel city

Allaway
April 24
helicopter gunships and jets were reported to have attacked a Kurdish rebel city in Iran.

The attack was reported to have been carried out by two Army units, one of which was a helicopter gunship.

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Stalemate as rail union rejects 20% pay offer

By David Felton

The spectre of a confrontation on the railways was raised yesterday after a surprise decision by the executive of the main rail union to reject a 20 per cent pay offer.

Meetings were hastily arranged to try to break the impasse which has arisen after the National Union of Railwaymen's rejection. The other two unions have accepted the offer, which was tied to a commitment to the introduction of productivity measures.

The NUR's decision was unexpected, not least to Mr Sydney Weighell, general secretary, who after the offer was made last week was confident that it would be accepted.

A meeting between the NUR and the other two unions, the Associated Society of Locomotive Engineers and Firemen (ASLEF) and the white-collar Transport Salaried Staffs Association (TSSA) is being held in London this morning.

Mr Weighell said yesterday that the executive had thrown out the offer, first because it was linked to productivity improvements, and secondly because it was to be paid in two stages, 16 per cent now and 4 per cent in June.

During a heated meeting lasting several hours, Mr Weighell was unable to persuade the executive that it was the best deal the union could get.

He said it was too early to talk about industrial action but that he expected British Rail management to meet the union.

The executive, he said, was concerned about maintaining the railway's financial position.

Mr Weighell said that the union was not prepared to discuss productivity.

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Anderson campaign continues: Mr John Anderson, the Illinois Congressman, who yesterday announced his decision to run as an independent candidate for the American Presidency. Mr Anderson has been contesting the Republican nomination, but he said that he could no longer hope to win it. He had campaigned actively in six pri-

maries, but won none of them. Mr Anderson is conservative in economic policies, liberal on social issues and a moderate in foreign affairs. Announcing his decision, he said: "Too many people in our nation are disillusioned with the prospective choices our party structures are offering."

Crisis point imminent for Chrysler US

From Frank Voel
US Economics Correspondent
Washington, April 24

Chrysler Corporation is swiftly reaching a desperate situation as its new car sales slump, its cash on hand dwindles, and debt repayments fall due.

The company urgently needs about \$1,500m (about £700m) of government loan guarantees, but these can only be provided if Chrysler meets several conditions.

United States treasury officials have been studying new financing and operating plans provided by Chrysler since last Friday.

A treasury spokesman said the decision depends on the findings made by officials on the practicability of the new Chrysler plans.

Mr William Miller, Secretary of the Treasury and chairman of the Chrysler Loan Guarantee Board that has been established by the Congress, hopes to announce a final decision early next week.

The Act approving loan guarantees stipulated that Chrysler must obtain set amounts of guaranteed loans from an assortment of quar-

ters, such as its dealers and suppliers and state and local governments and private banks. There is no flexibility on the key point that to obtain guaranteed loans from the Government the company must show it can raise \$1,450m from outside sources.

It now seems unlikely that Chrysler will be able to prove it can do this, but much can change in the next few days, and in this regard the Canadian Government might play a key role.

Chrysler has plants in Canada and the government there has indicated that it is willing to provide loans to the company, although it seems highly improbable that the company will be able to do this.

News reports in Washington had suggested that the Treasury Secretary might announce a decision on Monday.

Treasury officials said this was unlikely, and it was not even certain that a meeting of the Loan Board could be convened before mid-week.

"We are working as hard as possible and have been since we received the plan on Friday," a Treasury official said.

King Khalid calls off state visit to Britain

From Cross
April 24
King Khalid of Saudi Arabia, who yesterday announced his decision to cancel a state visit to Britain.

The fresh embarrassment to the Government coincides with the first business contract lost because of the showing of the television film.

Earlier this year, King Khalid was reported to have accepted an invitation from the Queen to visit London in June.

The Charge d'Affaires office at the Saudi Embassy said yesterday: "No official announcement was made."

The Foreign and Commonwealth Office said: "No visit has been announced. We can't make any comment."

It is understood King Khalid was to have come in place of King Juan Carlos and Queen Sophie of Spain, who had to abandon advanced plans for their first state visit.

The North-East Wales Institute of Education announced yesterday it had lost the chance of a £300,000 contract because of the tension between the two countries.

A Saudi minister was to have visited the institute this week for negotiations, but has cancelled that he will not now be coming.

Saudi Arabia is Britain's biggest customer in Middle East markets, taking exports worth £893m last year.

The Foreign and Commonwealth Office said yesterday that Mr James Craig, the expelled ambassador, would be returning to London in a day or two.

The Saudi authorities had not instructed him to leave within 24 hours, as sometimes happens.

Ministers rebuke TV, page 8
Saudis under pressure, page 8

Wider curbs on marches being studied

By Peter Evans

The Government is studying ways of tightening the law to prevent public disorder at demonstrations. A Green Paper disclosed yesterday that wider police power to apply conditions to processions was one option being considered.

The Green Paper says that £5.75m was estimated to have been spent on policing demonstrations which needed the attendance of 100 or more officers in London in 1979.

To provide power to ban a march only because most of the demonstrators were of those involved would be an unacceptable infringement of traditional freedom, the Green Paper says.

The better course might be to give the police a wider power than at present to apply conditions, including a power to prescribe the route, to individual events.

Report details, page 4
Leading article, page 15

Hot rocks water to heat homes

By Pearce Wright
Science Editor

A vast reservoir more than 5,000 feet underground will provide hot water and heating for a new development of shops, offices and flats in Southampton.

The first of a series of applications of geothermal energy.

Experiments by the Institute of Geological Sciences, which began last October as a £1.8m project of the Department of Energy, show that there is enough heat for 1,000 homes for more than 30 years from the first of a series of applications of geothermal energy.

Many more wells can be sunk to provide the same amount of power.

The successful experiments in measuring the potential energy available from this source were announced by Mr John Moore, Parliamentary Under-Secretary of State at the Department of Energy.

He said the use of geothermal energy through water heated by hot rocks in the earth's crust was a new technology for Britain, but systems of this kind were working in Europe.

Over the past five years the French Government has encouraged the rapid development of this form of alternative energy. More than a million homes and other buildings obtain their primary supply of energy in this form.

The experience is
unforgettable.
Just remember
the name.



Ministers to agree farm prices

By Cross

Culture ministers failed to agree the level of farm prices, a delay in the settlement of budget dispute, until June.

The delay was caused by the fact that the ministers did not agree on the level of farm prices.

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Hugh Thomas refuses £7,500 book prize

By Cross

Hugh Thomas, the historian, one of the winners of the Arts Council's first national book awards, surprised a national book awards ceremony by refusing his £7,500 prize.

His objection was to the state's intervention in industry and the arts. His book argues that the state's role has shadowed the decay of civilisations, he explained.

Pages 4, 16

Secrecy covers new 'Countryman' case

By Cross

The secrecy surrounding the investigation into allegations of London police corruption, known as Operation Countryman, has reached a stage where it is claimed that senior Scotland Yard officers were not told for three days this week that a London man had been charged and had appeared in a London court.

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'Rush' angers MPs

By Cross

Strong protests were made by Mr Callaghan and other Labour MPs over what they claimed was an attempt by the Government to rush through the Social Security (No 2) Bill, which puts restrictions on the up-rating of most social security benefits and introduces the "deeming" provisions reducing benefits to strikers' families.

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Page 2

Judicial view on jail

By Cross

Prisons were so overcrowded that non-violent petty offenders should not be jailed, Lord Lane, Lord Chief Justice, said in the Court of Appeal. If there was no alternative to a prison sentence, it should be as short as possible.

Law Report, page 25

Husain plea to EEC

By Cross

King Hussein of Jordan appealed to the EEC to launch a new peace initiative in the Middle East to save the region from a state of confusion, turmoil and growing anger.

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AT LAST, A PERFORMANCE CAR THAT'S AS SAFE AS A VOLVO.

The new Volvo 244 GLT is everything you'd expect from Volvo.

It's built around a strong steel cage with crumple zones at the front and rear.

(Capable of soaking up a 50 mph collision.)

Those familiar shock-absorbing bumpers are still very visible.

While we haven't skimped on the things you can't see, either.

The doors are still inlaid with steel bars to protect you from side swipes.

The zinc coating we use is still about 4 times thicker than that used by many other car makers. (Which means 4 times more protection from rust.)

New engine

But if some things are familiar, some are different.

The 244 GLT has a top speed of 112 mph.

It moves from 0-60 mph in just 9.5 seconds.

(Faster than the BMW 525 or Alfa Romeo Alfetta 2000L.)

The new 2.3 engine is remarkably economical and a four-speed gearbox with overdrive makes it ideal for motorway driving.

(The GLT was originally designed for police work and is currently in the custody of several forces.)

As you'd expect, the handling more than keeps pace with the performance.

Gas shock absorbers, aluminium wheels, low



profile tyres, a front spoiler and power-assisted steering give you control at all times.

While stopping is equally predictable. (Thanks to ventilated disc brakes on the front wheels and standard discs on the rear.)

Inside, you'll want for very little.

The standard specifications include a heated driver's seat, sun-roof, rev-counter, and cloth upholstery.

Not to mention 2 door mirrors you can adjust from inside the car.

See it now.

The new Volvo 244 GLT is at your Volvo showroom now.

Although not a limited edition, we plan to import only a few hundred each year.

So if you'd like one, we suggest an early visit.

A car like this is bound to go fast.

THE NEW VOLVO 244 GLT.

THE GLT COSTS £28696 (DELIVERY & NUMBER PLATES EXTRA) PRICE CORRECT AT TIME OF GOING TO PRESS. FUEL CONSUMPTION FIGURES ARE - 16.3MPG (17.3 LITRES PER 100KM) URBAN CYCLE, 32.2MPG (26 LITRES PER 100KM) AT 56MPH AND 27.4MPG (30.3 LITRES PER 100KM) AT 75MPH. *MANUFACTURER'S FIGURES. FOR THE 1980 EDITION OF 'VOLVO FACTS' WRITE TO: DEPT. T12, VOLVO CONCESSIONAIRES LTD, LONDON W13 9JL. SALES TEL: HIGH WYCOMBE (0494) 33444. SERVICE TEL: IPSWICH (0473) 72026. PARTS TEL: CRICK (0788) 823511.

Mr. Tessa Lodges, assistant director of MIND, the National Association for Mental Health, said the decision to make the £18,000 saving disgraceful. "It is indefensible that mentally ill people whose services receive such low priority should again be asked to deliver savings to the district management team," she said. "Less

Assay Office to reopen

A strike over the loss of 43 jobs at the Assay Office in Birmingham is over. The office, which has been closed for the past 10 weeks, will reopen on Monday.

laminated, instead of toughened glass windscreen were often available only in more expensive cars or as optional extras.

New breath-test: Nottinghamshire police yesterday launched a new type of breath test which uses coloured lights to test a person's alcohol level in place of the usual crystal (Durr-Kohn) test.

Nottingham Correspondent writes: The Nottinghamshire Constabulary is testing the equipment and its findings will be passed on to other forces. The machine, called Alert UK1, is expected to improve methodology of detecting how much alcohol a motorist has consumed before taking to the road.

It involves the driver blowing into a microphone through an attachment. The alcohol content of the breath sample is displayed on lights.

By Frances Gibb

A public interest exists in the British Steel Corporation being allowed to conduct its affairs in private, Mr Leonard Hoffmann, QC, said in the Court of Appeal yesterday.

The corporation, as a public body, must be as much, or more, entitled to the protection of the same laws of confidentiality as any private company he said.

It is in the public interest that a large nationalized corporation be run by management with the same discretion as the iron and steel industry should be able to prevent leaks of information which

may impair its efficiency of help its competitors."

Persons who formulate policy for a great nationalized industry, like those who formulate Government policy, must be able to have confidential discussions between themselves and their advisers without fear that they will be pilloried in the press and on television on the basis of a leak of what they have said, Mr. Hoffman told the court.

The court presided over by Lord Denning, Master of the Rolls, is hearing an appeal by Granada Television from a ruling by Sir Robert Megarry V.C. in *Hyundai v. Kake* which

Division, that Granada ordered to disclose the contents of confidential documents obtained about British-Spanish relations.

The document forms the basis of a programme, *Steel Papers*, broadcast every 4, which argued British-Spanish problems not just the result of its duplicity but of bad management.

Granada Television argued that it is in the interest that journalists be compelled to reveal sources. But there was for the confidentially journalists' sources retransmitted to a public

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Division: that Grand ordered to disclose the of confidential document obtained about British-S

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ur Correspondent

police officers were at Sheffield Crown yesterday in the case in which a jury was vetted for records.

Constables Michael Adkinson, aged 21, of Road, and Peter Oliver, aged 26, of Road, both Sheffield, caused bodily harm on Palmer, aged 14, in evidence against Mrs Sheila Powell, a woman special constable with PC Oliver, she was shocked to officers from March the ram his head against all.

agreed the boy was a maker with a gang in the estate district of and that Mrs Powell he force with the if a "do-gooder".

Officers denied using force and said struggles had taken place. His head had contact with the wall, which took an hour its verdict, had not by Judge Pickles that a vetted. His decision a jury members had been by Mr James Chief Constable ofshire, who took the Court of Appeal, it could not inter-

rael Harrison, for the n, said in the absence y that the judge had ruting of records to y the chief constable ght he necessary to ails of the birth dates

Pickles said he was o know what had in other vetting e Northamptonshire e been doing vetting though it was not known. Was their t dates of birth?

d: "This is a matter public contention. I recently that the Appeal will have a jury-vetting from onshire which will z on everyone and in will be clarified

ie later said: "There any reasons for the challenge of do not want it to there is one particu in this case. If it is tain names should l instead of going o to be challenged ne."

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Correspondent

evil, whatever the Velsh fire-raiser was rd Hooson, QC, the at Dolgellau Crown medd, yesterday.

Roberts, aged 41, a of Advy Ddu, Pen-eth, was jailed for rs after admitting to an empty cottage, ore than 14,400 of

was in January at the the arson campaign second homes in M. Lewis Jones, for e, said there was no -otive.

asons for setting that fire may never be e added. According l report, Mr Roberts ed to commit suicide, most been overcome but his dog, barking outside the cottage, it him to his senses.

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Correspondent

ent efutness of tacho- in road accident was highlighted by eric Hallis, North re coroner, at a crash inquest at rent yesterday.

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erilal Narshi Pandit, a lorry driver, of Lane, Leicester, died ag out of his lorry on shoulder of the M6 held in Staffordshire, run over when his s struck by a French

hard Lambourn, a scientist, said the l in the call of Mr bi, the French lorry vealed that he had l rests on his journey over recorded a ver- idential death on Mr

for nuclear shelters

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nal shelters should e the basements of new dings and provided ecks of flats and on sates.

amendandum, which is mitted to the Govern-

Space programme will
be victim of cuts
in UK science budget

By Robin McKie
of The Times Higher Education Supplement

There will be no new space programme for the United Kingdom before 1985 because of the recent Government cuts in the country's science budget.

The reductions in research funding will also severely limit projects in biotechnology, and curtail spending on an ambitious satellite surveillance programme to monitor the earth's resources.

These decisions are contained in the Science Research Council's plan for 1981 to 1985. It has been approved by the council and the Advisory Board for the Research Council, the part of the Department of Education and Science responsible for distributing the science budget.

However, the council has decided to approve spending on several big projects over the next four years. They will include the 15m optical telescope and the 15.7m millimetre radiation telescope for the United Kingdom Northern Hemisphere Observatory in the Canary Islands; a £23m investment in robotics research and a commitment to participate in the European large electron-pion (LEP) collider to be built near Geneva.

In its submission to the advisory board, the Science Research Council outlines its priorities for funding, given that it is to receive annual support which will now remain relatively constant at about

£165m in 1979 prices. Those are spread over the research council's four boards: engineering; astronomy, space and radio; science; and nuclear physics.

The main engineering project will be implementation of the Roberts' report, published in March, 1979, which called for a substantial research council role in preparing Britain for the advent of the microprocessor. That will be done by setting up microelectronics programmes in schools, universities and at postgraduate and continuing education levels, and by establishing several large new research programmes.

A total of £9m is to be spent on the microelectronics programme, including £2.3m which will be invested in robotics research, particularly for the development of new techniques for industrial automation. A further £1.4m will be spent on new university MSc courses in integrated circuit design. £600,000 on research into micro-electronic sensor and measuring techniques, and £500,000 to set up a Very Large Scale Integration (VLSI) microchip plant at either Edinburgh or Southampton universities.

To provide money for the microelectronic programme, research projects in medical and civil engineering, and in marine technology, will have to be cut. Also, funds to support biotechnology research into the industrial use of genetic engineering, will be limited to £2.7m.



Shells for the nation: Mr William Ogden, of Woodbridge, Suffolk, with his collection of shells, collected in Suffolk about 70 years ago, which he has donated to the British Museum (Natural History). Among many items in the collection is the type specimen of *Helix ogdeni*, found by Mr Ogden in 1914. The collection was accepted on behalf of the museum yesterday by Mr John Cooper of the Department of Palaeontology.

Local elections: enthusiasm lacking in North-east

Labour seems likely to succeed

From John Chartres
Newcastle upon Tyne

The outcome of the local government elections in the North-east can at least be predicted with a fair degree of confidence—continued Labour control with higher majorities.

Under the post-1974 local government reorganization procedure which still puzzles the general public, and makes it difficult for political leaders to simulate any sort of enthusiasm, elections will only take place in six of the north-east districts, in the five districts and boroughs within Tyne and Wear Metropolitan County, and in Hartlepool.

These will all involve one-third of the memberships only. Because of a dispute over the Birtley ward in Gateshead, the Home Office has not announced details of new boundaries in the region so there will be no "all out" elections.

A third of the councillors in Barrow-in-Furness, which used to be in Lancashire, but is now in Cumbria, and therefore within the government's and the Labour Party's "Northern" regional structure, are also due for re-election. But in most people's minds (including the Conservative Party's), Barrow belongs to the north-west, certainly the Queen is still referred to there as the Duke of Lancaster when loyal toasts are drunk.

All five of the Tyne and Wear councils are firmly in Labour hands, and as the unemployment figures mount to levels which are frighteningly reminiscent of the 1930s, a sharp anti-Government demon-

stration by those who take the trouble to vote on May 1, seems unavoidable.

Labour's holdings in the 78-seat councils of Newcastle city, Gateshead, Sunderland, and North Tyneside, are respectively 44, 37, 53, and 44. In South Tyneside, Labour holds 41 out of 66 seats. In Hartlepool (where the unemployment rate has reached an awesome 13.5 per cent), Labour holds 23 out of 47 seats with an opposition of 16 Conservatives, three Independents, and five Ratepayers. Here, Labour could obviously well win undoubted overall control in a town where everything seems to be going wrong, even the possible loss of its pride and joy, the contract to restore the Victorian iron-clad, HMS Warrior.

Newcastle contains the ingredients for the most interesting contest. The constitution of the council is 41 Labour seats plus one casual vacancy previously held by the party, 31 Conservatives, two Independents, and three Liberals.

The city is in the forefront of the national argument about rate levels, with a 33 per cent increase this year bringing its figure to £1.76/p in the £. The Conservatives say that Newcastle is the highest rated town in the country with the increase 30 per cent above the Government's recommendation. One of the Labour candidates, maintains, however, that people do pay more in Westminster and Chelsea.

The posters are going up to advertise the "Newcastle 900" celebrations marking the anniversary of the arrival in 1080 of Robert Curthose, eldest son of William the Conqueror, who built a castle here. With these celebrations the city is putting a brave face on its many misfortunes and bustling places like the Bigg and Grainger Street markets convey a perhaps superficial impression of cheerfulness and prosperity.

Almost daily the regional newspapers report another factory closure, and the regional unemployment figures released this week recorded a total of 132,295 out of work (9.5 per cent), the worst statistics in the United Kingdom, with the exception of Northern Ireland.

The total of workless is nearly 20,000 up on the figure recorded when the Government took power. It seems inevitable that the Conservatives will be blamed for that depressing trend, and for measures announced recently to reduce grants to such job-seeking bodies as the North of England Development Council.

The Conservative line is to fight back on the rates issue. Other rate rises include 37.3 per cent in Hartlepool, 23 per cent in North Tyneside, 28 per cent in Gateshead, 18.3 per cent in South Tyneside and 20.7 per cent in Sunderland.

The Liberals, who have three seats on Newcastle city council and four on Gateshead council, are taking a fairly realistic view of their prospects, but are fielding 30 candidates in the Tyne and Wear districts with some high hopes in Newcastle city and South Tyneside.

The total line-up includes a sprinkling of Independents, ratepayers and Ecology Party candidates, but there has been no showing from either the Communist Party or the National Front.

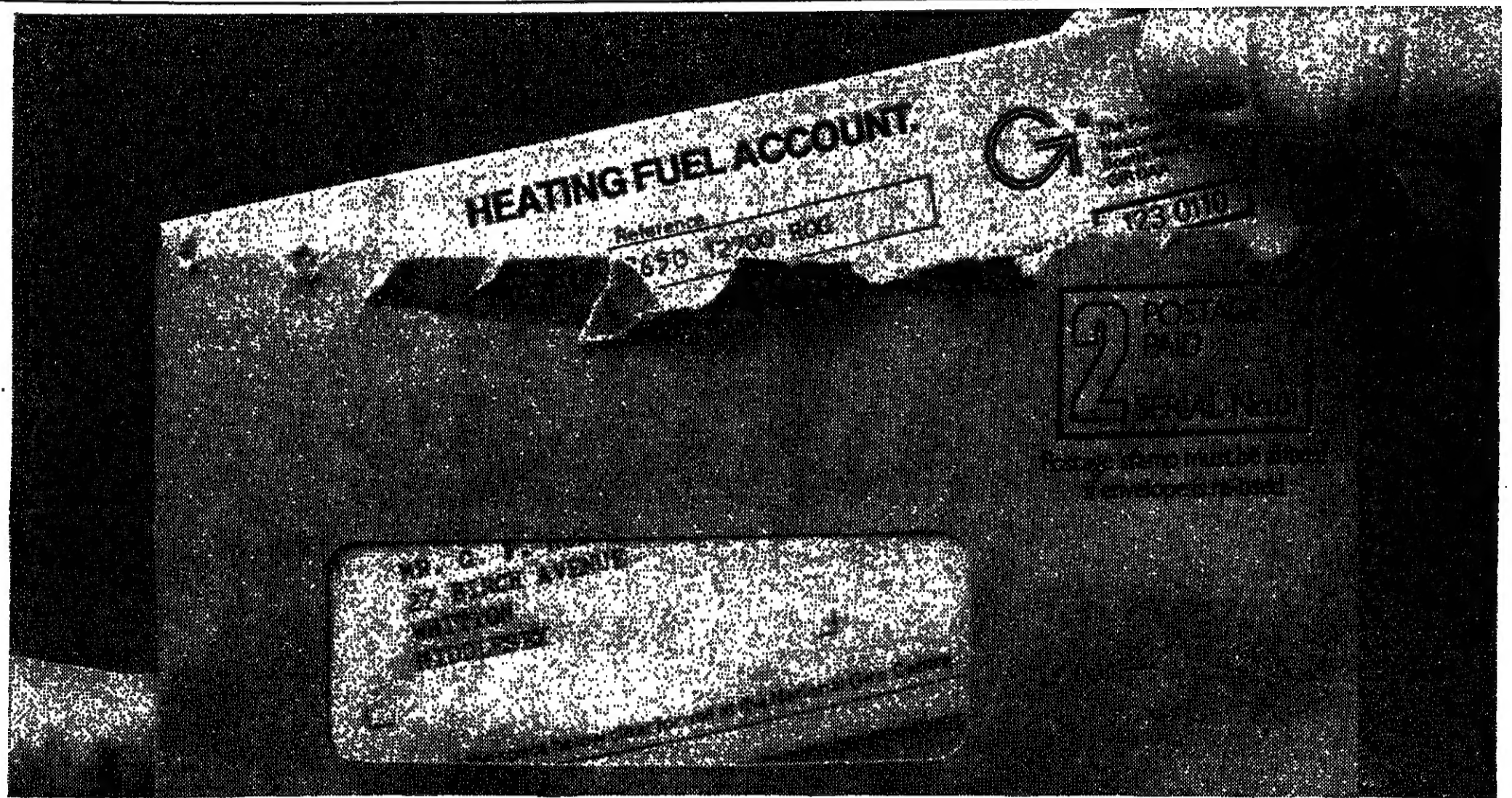
Fire destroys
offices of
newspaper

From Our Correspondent
Colchester

The offices of the *Bury Free Press* in Bury St Edmunds, were largely destroyed yesterday by a fire which police said was deliberately started.

They are thought to be linking the fire with two other attacks in the past few weeks, the worst of which was the destruction of the Bury St Edmunds sports centre.

Police said that the premises of the 125-year-old Suffolk weekly newspaper had been forcibly entered. More than 40 firemen fought the blaze, and at one stage 150ft flames leapt through the roof. The library containing material dating back to the founding of the newspaper was saved from serious damage.



YOU'VE SEEN THE BILL. NOW READ THE BOOK.



No one needs to be told that fuel prices are on the increase.

Most of us have had a sharp reminder of the fact all too recently.

So it's now more important than ever to get the best out of the fuel you use.

And the way to do this is to insulate your home as thoroughly as possible, allowing it to heat up faster and stay warm more economically.

You can find out about the various methods of cutting heat loss, and decide which would be best for your particular needs, by sending for our free booklet 'Make the most of your heating'.

Take action now, and you should find that next winter's fuel bill makes better reading.

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P.O. Box 702, London SW20 8SZ.
Please send me a free copy of your booklet.

Name _____

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DEPARTMENT OF ENERGY

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HOME NEWS

Police secrecy surrounds charging of unnamed London man by Operation Countryman team

By Stewart Tandler
Crime Reporter
The secrecy surrounding Operation Countryman, the investigation into allegations of London police corruption, has reached the pitch where it is claimed that senior Scotland Yard officers were not told for three days this week that a London man had been charged and had appeared in a London court.
No official explanation for the secrecy has been given, although unofficially "operational necessity" has been mentioned as the reason given to the Yard. A number of people are said to have been interviewed this week while the charge went unreported.
On Tuesday The Times asked Scotland Yard to confirm that an unnamed man arrested in raids by Countryman last week had been charged and appeared in court. The police denied the report, based on a well-placed source, and said their information was that the man was still assisting police with their inquiries. When Scotland Yard was told they were asked to withhold the news from the press.
Yesterday Montague Fitzmaurice, aged 45, of Corporation Street, east London, appeared at Newham West Magistrates' Court on remand charged with offences involving incitement to commit robbery. Mr. Michael Chance, for the Director of Public Prosecutions, told the court that Mr. Fitzmaurice had been remanded from Monday.
Mr. Fitzmaurice, flanked by two members of the Countryman team, listened as Mr. Chance, legal adviser to Countryman, told the magistrates the charges involved inciting others to commit robberies over several months against Securicor vehicles and other targets.
Mr. Chance said the other people were serving substantial sentences or were awaiting trial. He said Mr. Fitzmaurice was not legally represented and there was no application for bail.
Mr. Fitzmaurice was remanded in police custody until Monday. The charges involve seven men between September, 1978, and February, 1979. It is normal in London for

people on remand to be held in a remand prison, such as Brixton. Where a man is held in police custody it usually signifies that he is a major informant or "super grass" but a Countryman source denied yesterday that they had any such informants.
Countryman is made up of officers drafted from provincial forces, and it is claimed that normal practice in the provinces is to hold someone in police custody while they still have questions to ask.
Although Metropolitan Police officers attached to the magistrates' court and the local police station knew about the charges on Monday, that information was not passed on to Scotland Yard. One senior officer there found out what was happening through the DPP's office.
Eight people, including Mr. Fitzmaurice, were arrested last week by Countryman and taken to Guildford police station. None of the charges has been a police officer. Seven were released and Surrey police were aware on Tuesday that someone had been charged.

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Cold killed the steel works' cats

From Our Correspondent
Sheffield
Most of the thousands of works cats which died during the recent strike were victims not of hunger but of cold.
Strikers held collections to buy food for well-to-do works cats, and middle management, who worked during the strike, volunteered to feed them, but beating was turned off and furnaces shut down during the 13-week stoppage.
Dozens of animals were saved after the British Steel Corporation donated thermos wool and volunteers used it to make insulated cat boxes.
Mrs Myra Hamond, organizer of Cats in Industry, the industrial section of the Cat Protection League, said yesterday: "Sadly the cats must have run into thousands. There were 2,000 works cats in the Sheffield area alone, over 500 at Shotton, 400 at Corby, and 300 at Scunthorpe. Of these, about a third died."
In some areas the works' cat population has been wiped out completely.
Although cold was the main killer, many died after eating poisonous substances which they would not normally come into contact with.
Some were lucky. "Apart from those saved in the insulated boxes, some men took home their favourite cat for the duration of the strike," she said. "Many have decided to keep them as house pets."

Growers' veiled threat to French apples

By Hugh Clayton
Agriculture Correspondent
French and English apple growers failed yesterday to end their dispute about sales in Britain of Golden Delicious apples from France.
Their talks foundered on the question of curbing imports and ended up with a veiled threat from English growers to prevent apples from passing through ports in this country.
English growers want an unqualified cut in the number of French apples sold here, but their French counterparts have agreed to consider only restrictions on the type of apple sent to Britain.
The point was obscured in a joint statement issued after the two sides had spent most of the day in talks in London. The statement said merely that "French producers were not able to impose quantitative restrictions on French imports into the United Kingdom."
Mr. Dan Neuteboom, chairman of the apple and pear committee of the National

Farmers' Union of England and Wales, made it clear after the talks that English growers were sceptical of cutting imports through curbs on the type of apple allowed in.
"We have expressed the view to our French colleagues that there will be no improvement if the measures that are going to be taken do not result in a substantial reduction in imports," he said.
Union members wanted an agreement by mid-June, so that imports would be curbed before the next marketing season.
Without such a pact with French growers, Mr. Neuteboom continued, "we cannot guarantee the safe arrival of our consignments in the United Kingdom."
Mr. Charles Calleja, president of Acofel, the French association of fruit and vegetable growers, said: "We understand the anxiety and the seriousness of the positions of some English growers. The French grower can not accept a drop in returns for the second year running."

Lifting of hygiene control on milk imports opposed

By Our Agriculture Correspondent
Milk imports should be banned until EEC hygiene regulations were harmonized, health officers said yesterday. The Environmental Health Association said in evidence to the Commons Select Committee on Agriculture "it is right to retain the present controls and restrictions."
Ministers face pressure from British grocers and consumer

groups and from French farmers to lift health restrictions which prevent imported milk from being sold in Britain.
Evidence given to the committee yesterday will be welcomed by British farmers and dairymen who oppose any weakening of British rules against milk imports. They fear cut-price competition and the introduction of cattle diseases like foot-and-mouth.
Food Report, page 9

Restaurant at castle

A restaurant will be opened this year in the Great Hall of the fourteenth-century Northborough Castle, near Peterborough.

Over 100 faults found on each of 13 housing sites

By John Huxley
Standards of workmanship on both private and local authority house-building schemes are criticized in reports published yesterday.
According to preliminary findings by the government-financed Building Research Establishment, faults on local authority housing sites are distributed evenly between design and construction. These faults occur "despite the fact that the quantity of information, recommendations and mandatory requirements that already exist."
The study was prompted by the high national expenditure on repairs of defects in local authority housing. Outstanding repairs will cost local councils or the Government £250m, according to some industry estimates.
Faults identified in the past, often in both low and high-rise homes, built in the 1960s, have included condensation, corrosion, flaking concrete and insecure cladding. In some cases local authorities have been compelled to demolish homes less than 10 years old.
The Building Research Establishment study, conducted in conjunction with the National Building Agency, is concerned with low-rise housing. Research teams spent up to two weeks on each of six sites, and paid occasional day visits to a further six. Although the study is not able to cover every stage of construction, each site has 20

faults yielded between 100 and 150 potential faults.
Some are minor. But the interim report says that more important faults include defective connections between walls and roofs, omission of fire stopping, poor bedding of lintels and inadequate ventilation of roof space. Many faults, it says, can lead to problems of water-tightness and condensation.
The group's final report will be published towards the end of the year.
Meanwhile, the National House Building Council said yesterday that it would distribute posters encouraging building workers to improve their workmanship. The campaign has been prompted by the results of a survey of new home owners by National Opinion Polls.
This disclosed that 40 per cent of buyers felt the standard of repairs in local authority housing was low. Some 45 per cent complained that the finishing on new homes was poor, and 59 per cent said that the after-sales service provided by builders was slow.
Nevertheless, 93 per cent said they were pleased that they had bought a new home, while seven out of ten said that the next time they bought they would again purchase a new house.

Korchnoi shares chess lead with two rivals

By Harry Golombek
Chess Correspondent
Yesterday was a rest day before the final round in the Phillips and Drew Kings tournament at County Hall, London.
However, the necessary clearing-up of all the adjourned games before the last round, having been largely affected, it became clear that the destination of the first prize was within the range of four players: Andersson, Korchnoi and Miles, who have eight points, and Sosonko, who has 7½. A winning score has to be at least 8½, since Andersson is playing Korchnoi in the last round today.
Korchnoi missed a golden opportunity of gaining the sole lead in his adjourned game from round 12 against Georgiu. At one stage he had a winning position, but he over-looked it and the game was drawn after 59 moves.
In the other adjourned games from round 12, Stean beat Timman after 59 moves and Andersson, playing an adjourned game from round 10, versus Larsen with a sure hand, winning in 72 moves and thereby bringing himself up to share the lead with Miles and Korchnoi.
The remaining scores are: Speelman 7, Georgiu and Ljubojevic 6½, Sax and Timman 6, Larsen 5½, Browne and Stean 4½, Nunn 4, Short 2.

More Home News, page 25

Moves to boost home ownership

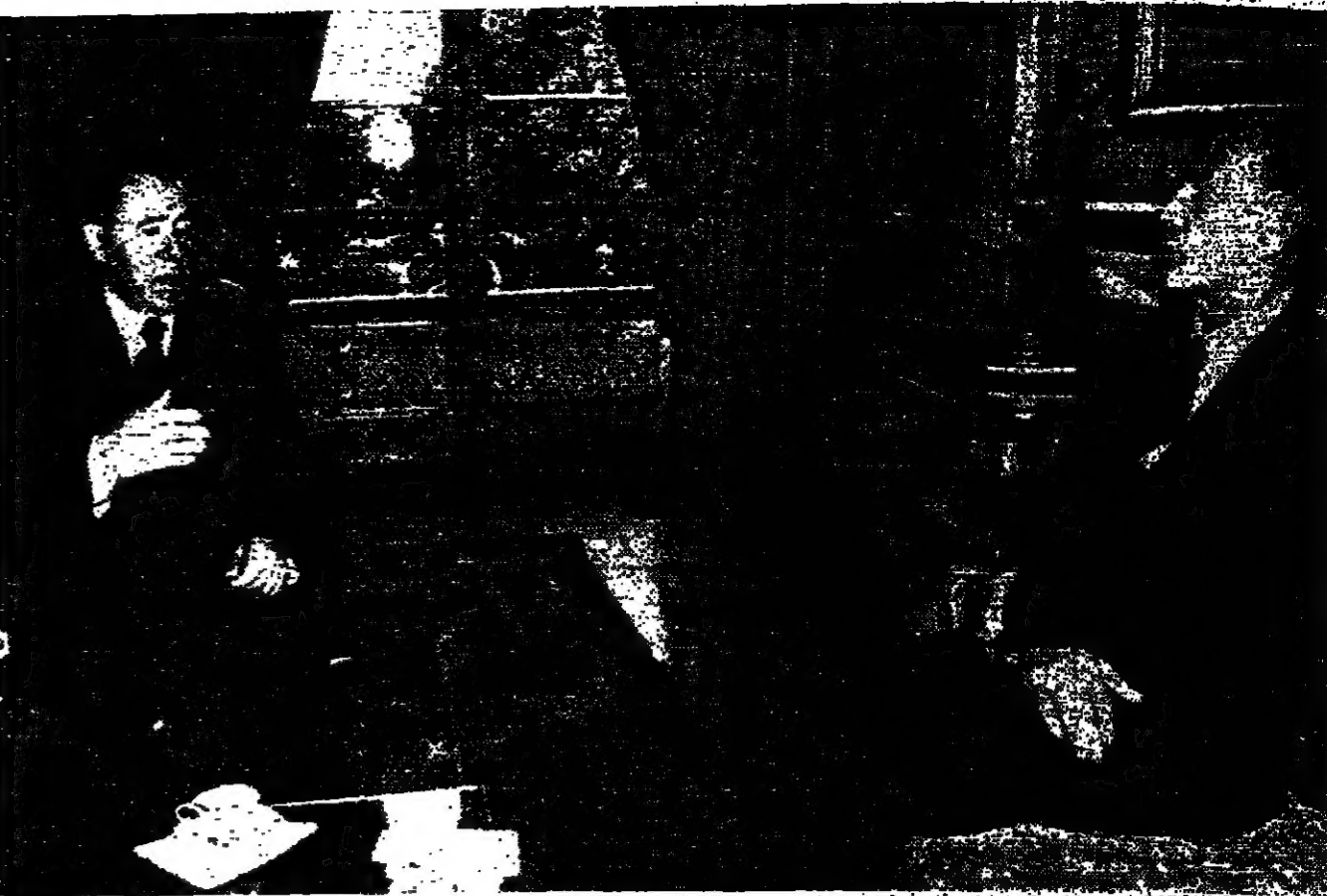
By Our Planning Reporter
A seven-point programme for encouraging wider home ownership and in the process bringing more unused land and empty buildings into use, was outlined yesterday by Mr. John Stanley, Minister for Housing and Construction.
The proposals encapsulate previous Government policy statements which will be given legislative effect when the Housing Bill is enacted this year.
Their reiteration at this stage may be seen as an attempt to counter some of the hostile criticism that came after publication of the latest house-building statistics. Mr. Stanley and his colleagues are arguing that the proposals reflect the

Conservative emphasis on an expanding private sector and ameliorate hardship caused by the steep decline in council house building.
Mr. Stanley listed the seven points as:
1. The sale of council houses to private tenants.
2. The sale of land owned by local authorities to private builders.
3. Building low-cost "starter homes" in partnership with private builders.
4. Improving homes for sale.
5. The sale of unimproved homes for improvement by purchasers.
6. An increased emphasis on shared ownership.
7. Local authority guarantees to encourage housing societies to lend on cheaper mortgages.
Mr. Stanley, speaking at an Institute of Housing seminar in London, placed particular emphasis on shared ownership schemes. A great deal of expertise had been built up by pioneering authorities, but the knowledge was fragmented and not well enough publicized, he said. He intended therefore to produce and distribute a model scheme which would bring together examples of best practice.
"We are determined to give local authorities all possible scope to get the maximum housing value from available public expenditure," Mr. Stanley said. The scope is considerable, particularly if authorities aim to achieve the greatest possible realisation of housing capital receipts and to make the maximum use of private financing."

WEST EUROPE

Contrasts as unions protest in Paris

From Ian Murray
Paris, April 24
It was a day of two demonstrations in Paris. One which was thousands strong, paraded through the streets in near-carnival mood. The other, no more than a dozen in number, stood herded by police round the corner and out of sight of the main entrance to the Elysee.
The big demonstration had been called by the communist-led CGT union "to put a swift end to the anti-social aggression of the authorities and the employers."
All round France the CGT had called strikes and demonstrations to back its action, with the result that there was disruption in most nationalised industries as well as in larger engineering and textile firms.
The protest coincided with the first day of a six-day strike being organized among teachers at every level in France, which is claimed to be the biggest action of its kind in the country for over 20 years.



Mr. Gromyko, left, and President Giscard d'Estaing during their meeting at the Elysee Palace yesterday.

Mr Gromyko meets plain speaking at Elysee

From Our Own Correspondent
Paris, April 24
Ritual references to cordiality have been lacking from official comment on Mr. Andrei Gromyko's talks in Paris, suggesting that there must have been a good deal of plain speaking.
Today the Soviet Foreign Minister met President Giscard d'Estaing, first in private, then over a working luncheon, with both M. Jean Francois-Poncet, the French Foreign Minister, and ambassadors of the two countries present. As he left the Elysee, Mr. Gromyko described the meeting as "useful and constructive".
According to Elysee Palace

sources, views were expressed frankly and clearly. On the central problem of Afghanistan, there was no sign of any change in the Soviet stand. Mr. Giscard d'Estaing and Mr. Gromyko did not confine themselves to their subject alone, but surveyed world problems generally.
The talks, including the lunch, lasted three and a half hours, longer than was originally scheduled.
Mr. Gromyko told reporters afterwards: "The Soviet Union is firm in its pursuit of détente and in the quest to overcome the difficulties which have arisen in international development, but as is well known, everything does not depend on us. We hope France will work in the same direction."

The tone of this "working visit" (it was downgraded from an official one before Mr. Gromyko arrived) was set by official French comment on yesterday's talks between the two foreign ministers and their delegations.
They took place at the Quai d'Orsay, which was sealed off with crash barriers and guarded bygendarmes and plainclothes police carefully checking the identity of all visitors. The discussions continued over dinner and were concerned exclusively with Afghanistan and the repercussions of Soviet intervention in the region.
"Frank, serious, and in depth" were the adjectives used to describe them on the French side. Tass was only

slightly more positive, talking about "frank and constructive" conversations, adding that both sides had the "able development of Franco-Soviet relations" and the "positive significance of consultations between the countries for the labor peace and international cooperation".
It would be difficult to say how much of this was a result of the fact that the Ministry this evening, operation and security, a series of questions, Mr. Gromyko's press conference was held in the same direction.

Budget dispute delay likely as ministers fail to settle farm prices

From Michael Hornsby
Brussels, April 24
A delay in the settlement of Britain's budget dispute with the EEC, until the June summit meeting in Venice at the earliest, appeared almost certain after the failure of the agricultural ministers' meeting today to agree on the level of this year's farm prices.
The outlook for next week's summit in Luxembourg at which the British are hoping for a breakthrough on the budget, looked so bleak that the possibility of a further postponement of the meeting was said to be possible, though unlikely.
In a statement issued yesterday, President Giscard d'Estaing said that the settlement of the budget dispute and other issues at the summit was out of the question without a prior understanding on farm prices that required no more than the political blessing of heads of government.

summary of the existing differences.
There was some embarrassment in French circles that Pierre Messmer, the French Agriculture Minister, had allowed the document to go through in the small hours without making sufficiently clear its unsatisfactory nature from France's point of view. That was charitably attributed to fatigue.
The document declares that a farm price settlement must include "some increase in prices" measures "to start the restoration of a better balance in certain markets, in particular for milk", and the observance of budgetary constraints. But this simply conceals the wide gap between Britain and most other member states.

therefore, that the French any change tactics and try to make any budget relief approved for Britain at the summit conditional on agreement on a satisfactory farm price level agreed later.
On the other matter to which the French attach high importance—the protection of their sheep farmers—the Agriculture Ministers again made no progress.
The dispute over fisheries policy, which France and other member states are anxious to see resolved, appears to be less important than solving the budget problem. A statement of good intent would probably suffice.
The French pressure for higher farm prices puts Mrs. Thatcher in an unenviable dilemma. If she gives in it will lead to extra costs on the EEC budget, and since Britain, with a relatively small farm population, benefits little from agricultural expenditure, it is not a contribution to the budget would be further increased.
The value of any reduction in the estimated net contribution of £1,100m that might be agreed at the summit could be offset by a high farm price settlement.

Five times Mr. Callaghan, Leader of Opposition, demanded that Thatcher stick to her guns. He said she would not sell out the interests of the British people in agriculture.
The Opposition probably the better of the Co. knock-about. But Mrs. Thatcher survived the onslaught of loose words, which will have to present any two decent sentences as a victory. She can get another matter.

Simone de Beauvoir admitted to hospital

Paris, April 24.—Simone de Beauvoir has been admitted to hospital suffering from strain after the death last week of Jean-Paul Sartre, her long-time companion. Sources close to the family said today.
Sartre was buried yesterday at Montparnasse cemetery in Paris. Mme de Beauvoir went to hospital a few hours later.

M Francois-Poncet sees no quick solution to Britain's EEC payments problems

From Charles Hargrove
Paris, April 24
If Britain should insist at the European summit in Luxembourg on Sunday that its contribution to the Community budget should more or less balance Community expenditure in Britain, it will receive no quick satisfaction, at least as far as France is concerned.
That is the unshaken of the French position as stated today by M. Jean Francois-Poncet, the Foreign Minister, in an interview with The Times in Paris. He was replying to a question whether British demands involved fundamental Community principles or only the rules implementing them.
The British demand amounted to the introduction in the Community of "an entirely new principle, that of just return", even if one avoids using this expression," M. Francois-Poncet said. "This principle would deeply modify the existing system, that of own resources, as well as the extent of the solidarity, which, as a result, unites member countries."
"This may surprise British public opinion. It can indeed regard as fair that a state should draw from the Community budget the same amount as it has contributed to it, and that it should 'get its money back'. But the

Common Market operates since 1970 on other principles.
The geographical origin of Community resources is not taken into consideration. The balance of receipts and expenditure has no cause to be drawn up: the very notion of 'net balance' is foreign to the system.
However, should all the member countries come out in favour of the system suggested by Britain, France would agree to examine and discuss it, on condition it did not work for one country alone, the minister went on. It was normal that the member countries of the Community should help one another.
No one contested that there was a problem for Britain arising from the onset of the transition period. The Nine in Strasbourg last June had agreed to examine an easing of the British contribution, but this relief must be "limited in time and compatible with Community resources. If that is the nature of Britain's demand, France is ready to consider it and seek a solution."
"The French Government knows Britain's difficulties. It appreciates the efforts and sacrifices she is making to overcome them. It is ready to give her support and aid on the

basis of respect of the principles which the Community is founded." Francois-Poncet feared that little progress on Britain's demands had been achieved since Dublin.
The controversy is not between France and Britain, but between Britain and all member countries. It has two aspects. The first is financial. France has no particular interests to defend. She is not a net beneficiary from the Community budget. The second affects the principles of the Community. It concerns all member countries. Referring to French insistence on a "package deal" at Luxembourg, he said: "It stands to reason that when the Community is wondering whether to change one of its most important rules in favour of a member country, it cannot neglect or postpone the essential problems raised by its day-to-day existence."
To the question why people in France were always asking whether Britain was really "European", he said. The question of membership of the Community does not arise for France. She hopes Britain can make her full contribution to it. Her democratic traditions, her many overseas links, her experience of world affairs, are as many assets for the EEC.

السلامة

OVERSEAS

Reagan and his policies are popular

David Cross

London, April 24

Americans who have

Mr. George Bush, the

Director of the Central

Intelligence Agency as a

liberal

to Mr. Ronald

Reagan in the

race for the presi-

dency have been sorely

tossed last night.

A four-hour televi-

sion from Houston, Texas,

showing Republican can-

didates with each other to

discuss their conservative

policies, transpired that

on most points,

inception of certain

of their economic poli-

cies, the Afghanis-

tan crisis,

politeness and lack of

ment was disappointing

who were expecting

to be more forceful

than Mr. Reagan after

his victory in Pennsylvania.

Today's decision by Mr

Anderson, the Republican

of the House of

Representatives, to seek the

field is now down to

decisions to disagree about how

tax cut such would

ush took Mr Reagan

for advocating an

a blockade of Cuba

of forcing the Soviet

a withdrawal of troops

from Afghanistan. Such

would be wrong. Mr

said he had thrown out

as a hypothetical

of what might be done

to assure on Moscow.

Republican will run as independent for US Presidency

From Our Own Correspondent

Washington, April 24

Mr. John Anderson, a

Republican Congressman from

Illinois, announced today that

he has decided to run for the

Presidency as an independent.

He has been contesting the

Republican nomination, but said

that he could no longer hope

to win it.

He said: "Too many people

in our nation are disillusioned

with the prospective choices our

party structures are offering.

The result is frustration, apathy

and despair.

I believe that growing dis-

affection with the political

process poses a far greater

threat to the survival of our

democratic institutions than

what some are sure to charge

is an oblique, perhaps frontal

attack on the two-party system."

Mr. Anderson denounced

President Carter in his speech

and Mr. Ronald Reagan, the

Republican front runner, in

answering questions afterwards.

Of the President, he said: "Our

Churchill" would have called

a gathering storm. Since last

June the signs that America

is beset by a crisis of govern-

ance, and one of truly alarming

proportions, have multiplied.

The source of the crisis is

plain to see. The current Ad-

ministration has demonstrated

a total inability to chart a clear,

common sense economic policy

that is capable of arresting our

economic decline.

Of Mr. Reagan, Mr. Anderson

said that he was dedicated "to

a construct of government that

is so limited in its vision, that

it simply is not adequate to the

challenges we confront in the

80s.

If I believed, as I truly do,

that this is a time of crisis,

both here at home and abroad,

I simply cannot accept the

general philosophical beliefs of

a man who I think is largely

wedded to the past."

Mr. Anderson declared his

candidacy for the Republican

nomination in the same room

in the National Press Club here

last June. He got a far bigger

crowd today. Mr. Anderson

campaigns actively in six pri-

maries and won none of them,

but from the first battle, in the

Iowa caucuses in January, he

demonstrated that he was in-

deed different from his rivals.

He did very well in the pri-

maries in Massachusetts, Con-

necticut and Vermont, and

although he lost his native

Illinois by 10 points to Mr

Reagan, he won far more votes

than anyone had expected

early in the campaign.

He is conservative in econ-

omic policies, though not so ex-

treme as Mr. Reagan, a liberal

in social issues and a moderate

in foreign affairs. He will need

all of them—first of all to raise

money.

Mr. Anderson chose to run as

an independent rather than to

found a third party (as Mr

George Wallace did in 1968) for

legal reasons. He stands a better

chance as an independent of

getting on the ballot in the

various states.

IOC keeps door open for individual athletes

From Alan McGregor

Lausanne, April 24

The executive board of the

International Olympic Com-

mittee has not finally closed the

door to the possibility of

individual athletes competing

in the Moscow Games.

The question will be reviewed

when it next meets here on

June 9, once the number of

participating countries at

Moscow is clear. The deadline

for formal acceptance of invita-

tions is May 24. The possibility

of individual athletes competing

is a subject which has been

discussed for some time.

Mr. Lance Gross, New Zealand

member of the nine-man board,

said before leaving for home

today that while the "present

position" of the sports federa-

tions was against individual

participation "it would be

unwise to say this is final in

any circumstances."

Some national Olympic

committees may say: "We're

not going to officially promote

a team but if any of our com-

petitors want to go we have no

objection."

While he did not think par-

ticipation at Moscow would be

more than 50 per cent "at the

best", he believed the protocol

change endorsed by the IOC

would have some effect.

Some governments have

told us they will not allow flags

or anthems to be used but are

perfectly happy to allow repre-

sentatives of their athletic

bodies to take part in the

Games provided they do not

parade the nation's acceptance

of the fact they are there,"

he said.

He indicated that the Greek

Government's proposal for

giving the Olympic Games an

extra-territorial permanent site

in Greece had been well

received, and the plan would

be studied.

Germans fall out: East Ger-

many dismissed the regrets

expressed on Wednesday by

Herr Helmut Schmidt, the West

German Chancellor, over his

decision to recommend a boy-

cott of the games, as "pure

sham". It was a flagrant inter-

ference in the affairs of the

Olympic movement, *Neues**Deutschland*, the party news-

paper said.—Reuter.



Siamese twins Chang Chung-yi (centre) and Chang Chung-jen, of Taiwan, learn to walk with artificial legs in a Taiwan hospital. The operation to separate them was carried out last year.

S Africa school boycott spreads

Johannesburg, April 24.

South African riot police went

into action again today as a

countrywide boycott of classes

by mainly Coloured (mixed-

race) teenagers spread to more

schools and universities.

The eight days of unrest over

the effects of racial segrega-

tion on the school system fol-

lowed the arrest of four

activists, including Mr. Curren

Nkomo, a prominent black, in

police swoops in Johannesburg

and Cape Town. Police said

that they had also arrested a

teacher and three students.

A spokesman denied reports

that batons had been used to

break up two silent protest

meetings held by Indian high

school pupils in Durban. The

spokesman said tear gas had

been thrown.

But the Durban Daily News

said it had received dozens of

complaints from parents and

other witnesses about the police

action. They said police used

batons and broken branches to

disperse the pupils, aged

between 13 and 18. Several

received cuts and bruises, but

no one was seriously hurt.

In other cities police kept in

the background and no serious

incidents were reported as the

boycott, estimated to involve

more than 100,000 students,

continued.

The protest, which began in

Coloured high schools in Cape

Town, has been taken up by

older students at some univer-

sities and training colleges.

These include two Indian uni-

versities in Durban.

Several hundred Coloured

primary school youngsters, aged

between six and 12, were

reported to have joined the

boycott in Cape Town.

The arrest of Mr. Nkomo, a

leading figure in the black

township of Soweto, came after

he attacked the government's

policy of racial separation in

education.

He told a student meeting at

the mainly white University of

Witwatersrand: "We want good

education now. And if that

means I am to be banned, let

the banning order come."

Security police said Mr

Nkomo and the three other

activists—one coloured, one

Indian and one white—had

been arrested under a law

which provides for renewable

detention without charge for up

to 14 days.—Reuter.

KGB 'used toxic gas to disperse Baptists'

By Our Foreign Staff

The KGB used toxic gas to

break up a religious gathering

in the Ukraine, Pastor Georgi

Vins, the exiled Soviet Baptist

leader, said in London yester-

day. The incident occurred in

August last year at an illegal

meeting attended by 150

Baptists.

It was among a number of

examples of Soviet persecution

of the church described by

Pastor Vins to illustrate the

active disavowal in which the

Baptist community of 400,000 is

held by the Soviet authorities.

He said a gas canister was

thrown after a KGB order to

disperse had been ignored. It

caused vomiting and discom-

fort and, in some cases, uncon-

sciousness for several hours.

The pastor, who is in London

to publicize the plight of Chris-

tians in the Soviet Union, will

meet Mrs. Thatcher at Downing

Street on Tuesday and seek her

support. Since he was stripped

of Soviet citizenship and

deported in April, 1979, he has

lived in the United States. He

served two prison sentences

amounting to nine years for his

beliefs while he was a minister

of the Evangelical Baptist

Church in Kiev.

Pastor Vins said intimidation

against Baptists who refused to

register as such with the

authorities had significantly

increased since the Olympic

Games had become an issue in

the West. Of the 11 members

of the illegal Baptist Council,

eight were in jail and the

others were in hiding. There

were now 60 pastors in prison,

compared with 35 at the be-

ginning of the year.

Baptists had been warned not

to take advantage of the influx

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Both Houses of Parliament express grave concern at diplomatic rift with Riyadh after showing of film Ministers rebuke TV authorities after expulsion of ambassador

From Hugh Noyes, Parliamentary Correspondent, Westminster

Senior ministers in both the House of Lords and the Commons yesterday called on the broadcasting authorities in the United Kingdom rapidly to put their house in order to avoid future incidents of the kind that has led to the expulsion of Mr James Craig, the British Ambassador to Saudi Arabia.

He was ordered to leave the country on Wednesday in retaliation for the film *Death of a Princess*, which was shown by ATV on April 9.

Although calls for various forms of censorship were firmly resisted by both Lord Carrington, the Foreign Secretary, and Sir Ian Gilmour, the Lord Privy Seal, the sharp rebukes delivered to the television companies were of a strength that they will find difficult to ignore.

In statements to both Houses, the two ministers left no doubt that the Government's grave concern over the break in relations and there were assurances that everything possible would be done to heal the rift quickly so that the minimum disruption would take place.

Lord Carrington appealed to the 30,000 British people working in Saudi Arabia not to be deterred by these events, and Sir Ian told the Commons that there was no reason to believe that British subjects would be less welcome in that country than they were before the latest developments.

Lord Carrington said that the United Nations and Saudi Arabia shared a common concern that the vital Gulf area should develop in stability and peace without the interference from outside powers. External threats to the area meant that the two countries should be drawing closer together instead of drifting apart.

Sir Ian told MPs that the Government would regret it deeply if this country's close relations with Saudi Arabia were damaged by an event for which neither Government was responsible. He emphasized that this was an incident outside the British Government's control.

However, while emphasizing the importance of a media free from government control, there was no reluctance on the part of both ministers and backbenchers to declare their displeasure and disgust at what has happened.

Lord Carrington said that in the light of what had happened, those who produced these programmes would do well to have a good look at the consequences of what they were doing.

In the Commons, Sir Ian said that while the Government was careful not to interfere with the freedom of communications in this country, that freedom must be balanced by a degree of responsibility by those people who made films which were shown abroad.

From the Conservative backbenches Mr Eddison Griffiths, MP for Bury St Edmunds, gave a warning that one of the conditions of press freedom was that there must also be responsibility by the media. Another Conservative backbencher, Mr Nicholas Winterton, MP for Macclesfield, said that the producer of the film, Mr Anthony Thomas, had a history of producing inaccurate and biased films.

He urged Sir Ian to make approaches to the Independent Broadcasting Authority to ensure "that these left wingers" did not have the power to undermine the best interests of the United Kingdom.

From the Labour backbenches, Mr Andrew Faulds, MP for Warley East, spoke of "the irresponsibility and self-interest of some of the bright boys in the media, both in TV and in the public prints. They made political attacks under the guise of entertainment damaging British and Western interests."

However, together with the anger at the television authorities, there was a word of caution from Mr Peter Shore, Opposition spokesman on foreign affairs. While endorsing the wish for close relations with Saudi Arabia, he urged the Government to make plain to the Saudi Government that the press and television in this country were not subject to ministerial dictation.

While we should respect the culture and traditions of their country, Mr Shore said, we should expect an equal respect for our own traditions of which freedom of the press and information was a vital part.

Sir Ian replied that even before the film was shown it had been made clear to the Saudi Government that the British Government did not control the media and had no wish to do so.

Later it was confirmed that Mr Francis Pym, Secretary of State for Defence, and members of the select committee on foreign affairs, who were due to visit Saudi Arabia next week, would not now be going.

Tehran threat to stop all Gulf oil traffic in event of blockade

Tehran, April 24.—Mr Sadeq Qotbzadeh, the Iranian Foreign Minister, today threatened that Iran would retaliate against a United States blockade of its oil ports by stopping oil through its Gulf.

"If sanctions or anything else keep Iranian oil from leaving the Gulf, no other nation would be able to ship any oil through the Gulf," Mr Qotbzadeh told a press conference.

The United States has considered blockading the waterway to prevent tankers carrying Iranian oil from getting through.

More than half of the West's oil imports pass through the Gulf, mainly from Iraq, Saudi Arabia, the Gulf states and Iran.

Asked if Iran would stop Iraq exporting through the Gulf, Mr Qotbzadeh said "Yes," although he refused to disclose how. His remarks were seen as the first direct threat of Iranian retaliation in the event of disruption of Iranian oil exports.

Iran has reacted to American sanctions with moves to increase trade links with the Soviet bloc. The Government yesterday announced an oil contract with Romania and with others with eastern Europe were in the offing.

The Foreign Minister blamed the United States for recent violence at Iran's universities which have involved clashes between radical Islamic students and leftists.

"The CIA is responsible for 90 per cent of leftist action all over the world, including Iran," Mr Qotbzadeh said.

Ambassador returning: Sir John Graham, the British Ambassador to Iran, is due to return to his post in Tehran in the next day or two, after the decision by the European Council of Ministers that ambassadors would report to the Iranian President on the outcome of their meeting (Our Diplomatic Correspondent writes).

Sir John must be getting quite used to the journey. He came to London for consultations earlier in the month, then went back to Tehran for a week and returned to London again this week.

Although the number of staff at the embassy is being sharply reduced, the Ambassador may remain at his post. The communiqué issued after the council meeting seemed to leave the decision open on the level of representation to be maintained. It stated that Ambassadors were being instructed to return to Tehran before May 17, the date set for the imposition of sanctions, to "follow the situation" and to try to improve the living conditions of the American hostages.

Meanwhile, the Foreign Office is anxiously pondering the implications of the Saudi decision to send Britain's Ambassador home. No date has been set for Mr James Craig's return.



Mrs Louisa Kennedy, wife of one of the Tehran embassy hostages, met the Prime Minister at No 10 Downing Street yesterday.

E German trade agreement may bypass sanctions

From Patricia Clough, Bonn, April 24

Less than 24 hours after the EEC governments threatened sanctions against Iran, a trade agreement between Iran and East Germany was signed in Berlin.

The agreement, which has been under negotiation for a few weeks, is believed to provide a framework for expanding trade between East Germany and Iran especially if the West should impose its sanctions.

It would pave the way for Iran to buy at least some of the goods made inaccessible by the sanctions, such as machinery, and at the same time possibly enable East Germany to buy some of the oil it badly needs, Western observers say.

The East German economy has been seriously hit by the world energy crisis.

Mr Benn sees Britain being sucked into war

Britain is in danger of being sucked into a world war over the Iran crisis, Mr Anthony Wedgwood Benn, the former Labour Cabinet Minister, told the Scottish TUC at Perth yesterday.

The story of what is happening in Iran is not that being relayed to the British people by the press and on the radio, he said. In its campaign for rearmament, the British Government was guilty of the "most breathtaking hypocrisy and double standards."

Mr Benn, MP for Bristol South East, has personal knowledge of Iran after being Energy Secretary. He said he did not wish to defend the detention of the American hostages, but the people must be warned what was really happening.

"The Americans put the Shah back on the throne and the West armed the Shah—no doubt there were intelligence arrangements between the CIA, Sadat and maybe other intelligence services."

"When I read of trade sanctions and the possibility of mining the Persian Gulf, I think of what the situation could be within a matter of hours. The Iranians are very well equipped with weapons. We sold them to them."

"If the Iranians were to take over the Saudi Arabian pipelines and the United States were to be deprived of oil, that would inevitably lead to American intervention in Saudi Arabia and Soviet intervention in Iran as the situation became catastrophically dangerous."

"Then, the F111 bombers on our airfields, which are not subject to British veto, soon to be replaced by missiles not subject to British veto, could suddenly be sucked into world conflict and confrontation."

Saudi move over envoy made under pressure

By David Watts

Saudi Arabia's decision to ask Britain to recall its ambassador to Jeddah was apparently taken after consultation with other Islamic governments and is the expression of widespread anger in the Arab world, according to Arab sources in London.

Further sanctions are likely against any other country which shows the film, up to and including a demand for the recall of ambassadors. Probably further measures will be announced after the meeting of the Islamic foreign ministers to be held about the middle of May. Other countries where television stations are planning to show the film at present are the United States and Norway.

Though the decision to demand the recall of Mr James Craig, the British Ambassador, was within the purview of the Saudi royal family who felt directly insulted by the film *Death of a Princess*, there was considerable pressure both within Saudi Arabia and outside it for action against Britain. As guardians of the holiest places in Islam, the Saudi royal family have been at pains of late to present a more Islamic face to the world both at home and abroad.

Fundamentalist Islamic critics of the film are, however, unanimous not only in their assessment of the production as anti-Islamic but also in their surprise that the Saudis are drawing attention to an incident which is still controversial within the Islamic world.

The execution of the princess was in violation of Islamic law and the Saudis have never provided the rest of the Arab world with any explanation of why the princess was not given a proper trial nor why King Khalid, as leader of the Saudi royal clan, did not prevail upon Prince Muhammad, the princess's father, to punish her in discretion in some other way. The Saudi complaint that the princess wanted to marry a commoner is not a violation of Koranic law.

U.S. considers: A State Department spokesman said that Washington had been in contact with the Saudis and was listening to their concern about the planned showing of the film in America early next month. Our Washington Correspondent writes: The State Department was looking into the matter, he added.

King Husain calls on EEC to hasten its plan for Palestinians

From Christopher Walker, Amman, April 24

On the eve of the newly intensified negotiations on Palestinian autonomy, King Husain of Jordan today made a strong plea for the EEC to launch its new peace initiative in an effort to save the region from what he described grimly as "a state of confusion, turmoil and growing anger."

In an interview with *The Times*, the King claimed that his "worst fears and suspicions" about the deadlocked Camp David peace process had come true. He called on the European states, including Britain, formally to unveil their much-vaunted plans for an amendment to the United Nations resolution 242 which would recognize the rights of the Palestinians.

Speaking in his spacious hillside palace overlooking Amman, King Husain said that Jordan's relations with America had sunk to their lowest ebb in the 27 years he has reigned. He emphasized that Europe had a more valuable role to play in the search for a peaceful settlement in the Middle East than either America or the Soviet Union.

"With all due respect to the two major powers, many of us are beginning to feel and speak more about the fact that there are also others who can contribute towards a solution and have a right to do so," he said.

The King said he was deeply disappointed by the failure of the recent past which he blamed for the crisis, "had been the lack of participation of certain countries in reaching a solution."

The King said both America and the Soviet Union had moved forward and join the plan now under consideration by the EEC, adding that without Soviet participation no lasting settlement to the Middle East problem is feasible. He has disclosed that Jordan was for the first time actively considering buying Russian armaments.

"I feel that Europe has closer links with this area in terms of its destiny and its future," he explained. "Europe is less likely to be under pressure, has more continuity and more of an emphasis on principles."

The King bitterly criticized the problems caused by electoral considerations in American policy.

The EEC leaders have indicated that they will wait at least until the May 25 deadline for agreement on the Egyptian-Israeli autonomy talks before formally unveiling their Middle East plans.

But today King Husain insisted that more urgent action was needed as it had become obvious that the Camp David process had "run out of steam."

Both the King and Mr Sharif Abdul Hamid Sharif, his new Prime Minister, have made it clear in interviews that any lingering American or Egyptian hopes that Jordan may still belatedly be persuaded to join the Camp David process are based on wishful thinking.

There is considerable anger at all levels of the Jordanian Government about what is seen as repeated efforts by the Carter Administration to force Jordan into a play part.

The King today repeated that the Palestinians are the key to any Middle East settlement. He said that aspect was what the Camp David process was always a "non-starter" and he said:

"As spokesmen of people to whom we have no rights, these people could therefore make any Israeli country obligation. It was really a case for Israel to try at one time and after the other reality to a point where obstacles in the way of an attempt to find a lasting solution would be monumental."

During the 20-minute visit, the King was seen about the chances of it being a "non-starter" for a settlement to come, the King said.

Although this remains a long-term goal and will be pursued in advance of November, King Husain said, it is a "non-starter" because of the lack of participation of certain countries in reaching a solution.

The King said he had a long history of a complete rejection of the Middle East peace process. At this stage, King Husain said, he has lost faith in the process of the region in a peace process.

The King who has had a long history of a complete rejection of the Middle East peace process, said that he had a long history of a complete rejection of the Middle East peace process.

Jewish militants on rampage in Arab cities

From Moshe Bellman, Tel Aviv, April 24

Boogymen believed to have been Jewish militants went on the rampage through the Arab cities of Ramallah and El Bireh early today, hurling stones through the windows of scores of cars, homes and shops.

The raid was apparently a reprisal for repeated Arab attacks on Israeli vehicles passing through the Arab cities north of Jerusalem.

The assault began in midday and Arab residents said they were kept awake for 24 hours by shots fired into the air and the tinkle of breaking glass.

Israeli soldiers and police moved into the towns and arrested four Israelis in a town with a crane of stones and hammers. Military government headquarters said the suspects were from Bethel, a Gush Etzion settlement. They said the prisoners were not cooperating in their investigation.

Arab sources said four Israeli cars had been involved in the action.

Several West Bank mayors met in Ramallah today in defiance of a ban ordered by the military governor.

UN censures Israel for Lebanon foray

From New York, April 24

Security Council today censured Israel for its military incursion into southern Lebanon, an act of hostility against UN member states in the area, serving notice that such actions were unacceptable.

The United States abstained in the vote after Mr. De Mott, the chief of the American delegation, said the resolution was not the solution to the problem.

The Soviet Union and Germany also abstained. 12 other members voted in favour of the resolution, which demanded that Israel withdraw its forces from Lebanon and requested that the UN Security Council take such steps as may be necessary to ensure the cessation of hostilities.

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Japan announces partial economic boycott

From Peter Hazelhurst, Tokyo, April 24

Japan, the key to the success of American sanctions against Tehran, imposed a partial economic boycott on Iran today, instructing large trading concerns and business leaders to refrain from entering into new export contracts with Iranian officials or companies.

At the same time the Japanese Government today announced that "several" Japanese diplomats will be recalled from Tehran and all Iranians will now have to obtain visas for entry into Japan.

Officials claimed here today that the economic boycott will emerge as a greater blow to the revolutionary government in Tehran because Japan is Iran's largest trading partner. Japan's initiative, designed to help the United States secure the freedom of the hostages in Tehran, was announced this morning after Mr Masayoshi Ohira, the Prime Minister, met key members of the Cabinet to discuss the Iranian crisis.

Japan was Iran's largest supplier of machinery, cars, steel, clothing and synthetic textiles. Japanese exports to Iran, worth \$925m (£420m) last year, rose to a record level of \$239m last month.

Japan was also the world's largest consumer of Iranian oil until the authorities in Tehran suspended supplies on Monday because Japanese companies refused to pay the higher price of \$35 a barrel.

Japanese Government officials said the sanctions would not cover small companies because Japan's six largest trading companies account for nearly 80 per cent of exports to Iran. The measures also exclude exports of food, chinaware, general merchandise and capital equipment required for the half-completed \$3,500m Japanese-Iranian petrochemical plant at Bandar Khomeini.

The Mitsui Corporation, which has a 50 per cent share in the plant had been planning to send 300 engineers back to the site to resume construction work.

Yesterday, Mr Reza Salami, Iran's acting Finance Minister, warned that the Japanese Government would be "placed in jeopardy" if Japan applied sanctions against Iran.

Addressing the Cabinet today, Mr Ohira said Japan was willing to make sacrifices for its "friend and major ally" but he said his government opposed any form of American military action against Iran.

Bankers in Tokyo told *The Times* today that the Bank Makhaz, Iran's central bank, has been withdrawing millions of dollars of matured deposits from Japan.

"The level of Iranian deposits has declined from \$700m to \$300m since the beginning of the year," a senior official in the Bank of Japan said.

Mr Tamio Amau, official spokesman for the Japanese Foreign Ministry, announced today that staff in the Japanese Embassy in Tehran would be reduced from the 16 it now has, but officials refused to reveal how many diplomats will be recalled.

Mr Amau said the partial embargo against Iran would be reviewed if the American hostages in Tehran were not released by May 17—the deadline set by the EEC before it imposed the second phase of sanctions.

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OVERSEAS

Pakistani cabinet shuffle pronounced

April 24.—President Zia-ul-Haq reshuffled his cabinet today after yesterday's announcement of Mr. Muhammad Sayah as Prime Minister, but the main portfolios unchanged.

New ministers include Iqbal Kooi, a disgraced minister in 1978, but joining the Government as an attached to the Prime Minister's Office. He also became director of the ruling Pakistan Socialist Party, replacing Mr. Muhammad Sayah, who took over the Supplies Ministry.

Shaheddin Baly, the Minister of Defence, replaced Mr. Iqbal Kooi. Mr. Iqbal Kooi replaced Mr. Hedi Nouri, both of whom were party members. Mr. Nouri was Minister of Defence on February 26.

Mr. Zia-ul-Haq, who has ruled the country since July 1977 after the overthrow of Mr. Bhutto's Government, the former head of the air force said he was firmly of the view that no military government could serve the interests of the people and the country. The military junta must relinquish power, he demanded, claiming that it brought nothing but disaster.

Mr. Asghar Khan also strongly opposed Pakistan's policy towards Afghanistan and said that Islamabad should resume direct dialogue with the Kabul regime to stop the influx of Afghan refugees and to return those who had come.

He said the refugees were creating grave problems for Pakistan and alleged that the Government had encouraged them to use Pakistan as their base for operations against the Kabul regime. What was happening in Afghanistan, he asserted, was its own affair and Pakistan should not get involved.

He said he was not justifying the presence of Soviet troops in Afghanistan, but he believed the Pakistan Government policy was responsible for the developments that had taken place in Kabul. He said the Soviet troops could not be pushed out since 1969.—Agence Presse-AP.

Released opposition leader in outspoken attack on General Zia

From Hasan Akhtar
Islamabad, April 24.
Mr. Asghar Khan, president of the Opposition party Tehrik-i-Istiqal, who was released last Friday after nearly six months' house arrest, said here today that he was defying a government ban on political activity to launch a struggle for restoration of civilian representative rule in Pakistan under the Constitution of 1973.

In a stinging attack on General Zia-ul-Haq, who has ruled the country since July 1977 after the overthrow of Mr. Bhutto's Government, the former head of the air force said he was firmly of the view that no military government could serve the interests of the people and the country. The military junta must relinquish power, he demanded, claiming that it brought nothing but disaster.

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measures taken by Pakistan. He claimed that the Islamic frontiers meeting were misled by Pakistan into adopting a strong resolution on Afghanistan which later asked member states to break diplomatic relations with Kabul and sever contacts until the Soviet troops withdrew.

He also disagreed with an assertion that Soviet intervention in Afghanistan was phase one of Moscow's thrust to capture the oil-rich Gulf. The Soviet Union had a long-range object of world communism, he conceded, but said the other superpower was attempting to foist a capitalist system.

Mr. Asghar Khan criticized the United States Government for its attitude over developments in Afghanistan and said he seriously doubted Washington was concerned about Pakistan's security. According to him, Pakistan was expendable to America. He said the American aid offer of \$400m (about £122m) was "ridiculous".

Although he threatened to launch his political struggle against the military regime even singly if necessary, it is considered here extremely doubtful if he would be permitted by the martial law regime to further the campaign.

He used the strongest language against the military Government, denouncing it for seizing power. It is, however, well known that shortly after the March 1977 general election, which he repudiated, he circulated a secret letter urging the Armed Forces to overthrow Mr. Bhutto and described him as an unlawful Prime Minister who came to power through rigged elections. Today he asked who had invited General Zia to take over.

He said he was not justifying the presence of Soviet troops in Afghanistan, but he believed the Pakistan Government policy was responsible for the developments that had taken place in Kabul. He said the Soviet troops could not be pushed out since 1969.—Agence Presse-AP.

Five accused of Gandhi conspiracy granted bail

Delhi, April 24.—Ram Lalwani, who is accused of trying to assassinate Mrs. Indira Gandhi, the Prime Minister, on April 14, was remanded in custody today for another four days. The order, made on a prosecution plea, was to help further police investigation.

Earlier the Indian Supreme Court released on bail the five others accused of being involved in the alleged attempt. The court issued its order, setting bail at about £280 each, on a special leave petition filed by the five co-accused, challenging an order of the Gujarat High Court which dismissed a bail application on April 19.

Among the co-accused are Mr. Pratap Ramchandani, the deputy mayor of the west coast city of Baroda, and Mr. Kishan Lalwani, the elder brother of Mr. Ram Lalwani, who is suffering from jaundice and other diseases, was admitted to hospital here soon after being brought from Baroda. A magistrate made the remand order at the hospital as the accused was declared unfit to attend court.

Several hundred people were arrested today for defying a ban on gatherings of more than five people in the troubled state of Assam. Officials said that most of those arrested were women.

Earlier security forces cordoned off the All India radio station in Gauhati as officials from Delhi took control of the news room. The Assamese-speaking staff were accused of broadcasting biased news and commentary in favour of the agitators calling for the deportation of Bangladeshis and Nepalese settlers in Assam.—Agence France-Presse.

He said he was not justifying the presence of Soviet troops in Afghanistan, but he believed the Pakistan Government policy was responsible for the developments that had taken place in Kabul. He said the Soviet troops could not be pushed out since 1969.—Agence Presse-AP.

FOREIGN REPORT



The abdicating and future queens with Prince Bernhard in Amsterdam last January.

Parliament to swear in Princess Beatrix as Queen of The Netherlands

Next Wednesday the usually rather sober and businesslike Dutch will be treated to an unusual amount of pomp and ceremony and reminded what they live in a monarchy. In the morning Queen Juliana will formally sign her Act of Abdication and in the afternoon the investiture of Queen Beatrix will take place during the special joint session of the first and second chambers of the States-General (Parliament).

There is no coronation, and constitutionally the most important moment will be when Queen Juliana signs her Act of Abdication: at that moment her eldest daughter Crown Princess Beatrix will automatically become the new queen.

At her investiture, Queen Beatrix will swear to uphold the constitution; but the most time-consuming part of the ceremony, the Oath of Investiture taken one by one by the members of the States-General, is not a constitutional requirement. In fact, a small number of republican-minded MPs will not be taking the oath. They have refused to attend the investiture ceremony on principle.

The announcement by Queen Juliana on January 31 that she would be stepping down in favour of her daughter Beatrix provoked some discussion about whether the monarchy should be abolished. On the whole,

however, the Dutch seem happy to leave things as they are. The most interesting question that arose was whether the monarch has any real power. In the Netherlands the answer is: power, no; influence, yes.

Relations between the monarch and the Cabinet are defined in the constitution as follows: "The King can do no wrong; the ministers are responsible." This means that the monarch is excluded from power as the Cabinet is responsible for all the monarch's acts.

But the realm in which the monarch's influence is most important is in the political vacuum created between governments. The new Cabinet, in place, assumes formal responsibility for the formation period; but that is after the fact.

In more than 30 years on the throne it is hardly surprising that Queen Juliana accumulated a wealth of experience and a keen sense of duty. It is more fluid for other members of the royal family. In theory this responsibility applies to all the members of the royal family except Princess Irene and Princess Christina and their families because these two daughters of Queen Juliana did not seek parliamentary approval for their marriages and were automatically excluded with their children from the succession.

A constitutional amendment adopted in 1972 stipulates that the membership of the royal house for which there is to be ministerial responsibility (as opposed to the monarch's family as a whole) must be defined by law. The delicacy of the issue is illustrated by the fact that it has taken eight years for a Bill on the matter to be tabled in Parliament. This is perhaps because the Socialists, who led the previous government, want to limit membership of the royal house to six members: the reigning monarch, the monarch who has abdicated, the heir apparent, and their consorts.

Queen Juliana is known to be fiercely opposed to a limited membership of the royal house. In the Bill before Parliament, the present Government seems to have respected the Queen's wishes as it proposes membership of the royal house for the entire families of both the Crown Princess and Princess Margriet. But a majority of the Lower House has already expressed the view that ministerial responsibility must be reduced to a smaller number of royal persons. The new Queen's views on the subject are not known.

Robert Schuil

How Libya is governed

Four old soldiers in control

The Socialist People's Libyan Arab Jamahiriya has just celebrated the third anniversary of the most remarkable stage of its novel revolutionary process in which all conventional forms of authority were abandoned and "direct people's power" was declared.

In theory, at least, Colonel Gaddafi handed control of the country to a 1,000-strong General People's Congress. A government official told *The Times* proudly: "In our country today executive authority has been divided to the point where it doesn't exist. It is in the hands of everyone."

Well, not quite, perhaps. But certainly the lack of a conventional government structure has had various consequences. For one thing it has played havoc with normal diplomatic procedures. There being no head of state, there is no one to whom the diplomatic corps can be accredited. Colonel Gaddafi no longer receives new ambassadors routinely since he has no official position.

At the other end of the line, Libya is now represented in the West by "people's bureaux" (although not yet, curiously enough, in Communist block or non-aligned countries). What has not been resolved is the precise status of the "people's bureaux".

If the Libyans insist they are not embassies, are they covered by the Vienna convention which provides diplomatic immunity? Another consequence, of course, is that if there is no conventional government there can be no official opposition.

The secretaries in the various fields of administration—housing, education, health, for example—can be subjected to vicious criticism from members of the General People's Congress. By all accounts, budget allocations involve intense debate. And members of the congress demand to know why, if so many fail to provide promised public amenities.

It is difficult to gauge the extent of serious opposition to the regime, but revolutionary rule has undoubtedly disenchanted many of the educated middle-class who have left the country rather than suffer the austerity of the regime.

The watchdogs of the revolution are the revolutionary committees, supposedly spontaneously created groups which, in the words of the official texts, can "incite the masses to exercise their authority, agitate the popular congresses, lead the popular committees and generally propagate the revolution."

Quite clearly such bodies are also used to convey the revolutionary gospel according to the moving spirit behind it and to keep revolutionary enthusiasm on the boil.

Huge crowds can be assembled for street demonstrations at the drop of a hat or at any rate a signal from above, and this is a frequent occurrence. In recent months both the United States and French embassies have been set ablaze by politically inspired mobs. Normal business and social activity is repeatedly brought to a halt by revolutionary mass meetings or demonstrations.

Colonel Gaddafi, a lean,

desert-handsome figure with the piercing eyes of a visionary and worn features that belie his 38 years, maintains a visible leadership presence and appears to be firmly in control of the regime.

At his side are four remaining members of the 12-strong Revolutionary Council drawn from the free officers movement which overthrew King Idris ten years ago: Abdul Salam Ismaili who has no official title but is thought to retain overall responsibility for internal order; Mustafa Alkharbi, who is believed to control the intelligence network; Abu Bakr Younis, commander-in-chief of the armed forces and Alkharbi's aide, head of the people's militia.

The General People's Congress elects an executive committee—in effect a cabinet—with a general secretary, Jadhallah Azzu al-Talhi, who is also interior minister and purports the Prime Minister. But real power rests with the colonel and his three old military associates.

The most recent of their revolutionary innovations has been a move to close down the traditional Arab trading bazaars. To replace them, the authorities have established central trading agencies which buy in bulk abroad and sell through modern supermarkets. The importation of luxury goods has been reduced but prices are said to be half what they would be in the souq.

The change in trading system is a further indication—along with the fusion of smart modern flats and housing

estates mingling with the run-down Italian architecture of the colonial period—that the regime is doing its best to spend the country's oil wealth on meeting the needs of ordinary Libyan people.

In spite of Colonel Gaddafi's tirades against the evils of Western imperialism, the regime continues to sell most of its oil to the West and to place development orders in the hands of Western capitalists as well as East European socialists.

Nearly half the million-strong work force is foreign, with sizable contingents from both West and East Europe, including 6,000 Britons.

Their lives and those of the Libyans are restricted by the inhibitions of Islam and an excess of bureaucracy but there are few overt indications of authoritarian rule.

Nevertheless, the present anti-corruption campaign is undoubtedly creating considerable unease.

Libyan officials say it is directed against the post-revolutionary rich who have profited unduly from the country's development.

Some foreign observers believe it will be used also to root out incipient political opposition. The killing of two foreign-based Libyan dissidents, one in London two weeks ago and another in Rome last week, certainly lends support to the view that, for one reason or another, the regime is demonstrating the extent of its authority.

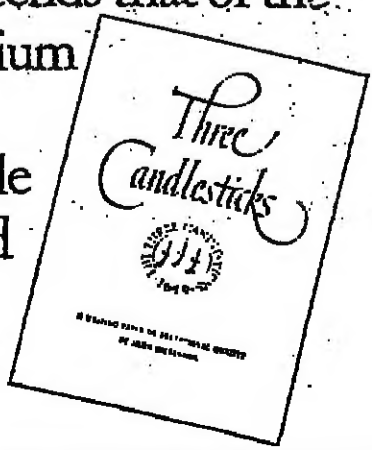
Michael Knipe

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A WRITING PAPER OF EXCEPTIONAL QUALITY
BY JOHN DICKINSON.



Food Report

Dairy industry starts to lose faith in the doorstep pinta

Milk has been sold for years in Britain on the basis that it is fresh and unprocessed. Its natural properties have been contrasted with those of foods which emerge from factories full of preservatives and colourings.

A generation of consumers has been encouraged by lavish advertising and promotion to regard milk as a supremely healthy food. The slogan "Drink a Pint of Milk a Day" is one of the most successful of the past 30 years.

The freshness of milk is the basis on which the dairy industry works and from which it defends its methods against criticism and political attack. Because the product is fresh, it does not last long. Therefore it must be made available to families at frequent intervals. Because it is an important part of the diet, they need plenty of it. Because it is such a bulky item in the shopping bag, it must be delivered to the doorstep.

That is how the dairy industry defends the need to

preserve a pattern of distribution that has disappeared almost everywhere else in the world. Dairies meet all criticism of the present structure of the industry by insisting that doorstep delivery of milk is a vital service and that consumers demand fresh milk.

There are signs, however, that the dairy industry is losing faith in its long-held convictions. While it mounts vigorous competition against the import of long-life milk from the Continent, it invests in similar products itself.

The most important thing about milk is that it contains fat, and fat content is a traditional yardstick of its quality. It is no longer fashionable, however, either to consume fat or to be fat. Moreover, animal fats like those from cows have been linked increasingly in recent years with the incidence of heart disease.

How are dairies to meet the dilemma? If they leave the fat in milk, they will go against a growing trend. If they take it

out, they will go against a generation of promotion which has praised milk because nobody tinkers with it in factories.

Some families in two English towns will be able to sample a new type of milk from Sunday. It will be a long-life milk, sold in cardboard pint containers, with the fat skimmed off. The vitamins which are lost in skimming will be replaced in the final product.

The distributors claim that it contains half of the calories of fresh milk, and they intend it to challenge the supremacy of bottled fresh milk. The new product will be available only in Bournemouth and Chichester and will therefore be sampled by only a minute fraction of the milk-drinking families in Britain.

Although the product will make a small initial impact, it is being backed by heavyweights. Unigate, the largest dairy group in Britain, will supply the milk, and Roche Products the vitamins. The

final product will carry the name of Weight Watchers, a company set up last year to sell products aimed at slimmers. The company is owned by Imperial Group, a vast combine whose output ranges from cigarettes to HP Sauce.

Other long-life milks are already on sale, including some which are coloured and flavoured in the Continental pattern. The new Weight Watchers milk, which will cost more than a fresh bottled pint, will be delivered in Bournemouth and Chichester by Unigate milkmen.

That raises the question of why it is necessary to maintain daily doorstep delivery of a product which can be stored unopened for three months before it is opened. Dairy companies have protested for years about threats to home delivery, whether from recommendations or free imports. They appear to be creating the latest threat themselves.

Hugh Clayton

PARLIAMENT, April 24, 1980

Hopes that differences with Saudi Arabia will soon be resolved

House of Lords

The Government hoped and believed that with goodwill on both sides, the present misunderstanding could be overcome and the normal course of relations resumed. Lord Carrington, Secretary of State for Foreign and Commonwealth Affairs, said in a statement on the return to the United Kingdom of Mr James Craig, HM Ambassador in Saudi Arabia.

He said that the wide range of bilateral contacts would not be interrupted by the United Kingdom and he hoped British citizens working in Saudi Arabia and British business visitors will not be deterred by these events.

With the aid to see the minimum disruption in our relations and a speedy return to the friendly relations which have characterised them in the past.

Lord Carrington said—Our ambassador has been asked to leave by the Saudi authorities, a direct result of the damage caused to the relationship between our two Governments by the film *Death of a Princess* which was shown by ITV on April 19.

On April 3, the Saudi Foreign Minister summoned our Charge d'Affaires in Riyadh, to tell him of his Government's concern about the film and to warn of the very serious consequences which could ensue for our relations.

In the light of this message our ambassador, Mr James Craig, was recalled from Saudi Arabia and returned to Saudi Arabia with messages from the Lord Privy Seal Sir Ian Gilmour and myself.

We stressed that the Government would regret it deeply if our close relations with the Kingdom were damaged by an event for which neither we nor the Saudis were responsible. I would like to take

this opportunity to reiterate that expression of regret.

After the film was shown there was considerable press comment and the Saudi Embassy in London issued a statement which was highly critical of the film and of ITV.

There has been widespread protest from all over the Arab and Muslim worlds and attention has been focused on plans to show the film in other Western countries.

Yesterday the Saudi Foreign Minister told our ambassador that his Government had re-evaluated Anglo-Saudi relations and decided that it was not proper to maintain them at their present level. They would therefore not proceed with the despatch of their ambassador to London and they would have to ask our ambassador, to leave for the time being.

The Saudi authorities have also made it clear that a visit by the Select Committee on Foreign Affairs, which had been planned for April 30, would no longer be possible and that any high level visits have been cancelled.

I should like to stress once again that the Government attach a very great importance to our relations with Saudi Arabia and we regret that this should have been damaged in this way by an incident outside our control.

We have a close political and economic relationship from which we both benefit. There is a common interest in the stability and peace in the Gulf area.

We share a common concern that the Gulf area should be a region of stability and peace without interference from outside powers. In view of present external threats to the area we should be drawing closer together not drifting apart.

The least said the soonest mended

Lord Gorenvay-Roberts, Opposition spokesman on foreign and Commonwealth Affairs, said he continued to assure the royal house and people of the kingdom of Saudi Arabia of the widespread and profound understanding and respect for Saudi Arabian feelings at this time.

He said that our relationship will soon be fully restored so that our two countries may continue to act together and do everything in our power to ensure the stability and security of the Middle and Near East, particularly the Gulf area.

Lord Wigoder (Lab)—In this extremely unhappy situation the matter is perhaps best left to diplomatic channels and public debate is unlikely to serve any constructive purpose.

This is not the first time in recent months that serious misunderstandings have arisen as a result of the tendency of some television companies to present programmes designed to give the impression of being documentary programmes based on fact whereas the reality is that in substance they are more than fictional reconstructions.

Lord Carrington—I can give Lord Gorenvay-Roberts that assurance. We shall continue to do that. I agree with what he said in the latter part of his remarks.

I agree with Lord Wigoder. I think on the whole, I hope on the whole, that the least said is the soonest mended. We have made our position abundantly plain to the Saudi Government.

In the light of what has happened and the previous examples he has quoted, it might be a good idea for those who are producing these programmes to have a good look at the consequences of what they are doing.

Shares plan for workers in aerospace industry

Employees of the new company which will take the place of British Aerospace will get tax advantages on shares they receive under a special arrangement, Lord Trefgarne, Lord in Waiting, said in a statement on the Bill which disposes of British Aerospace and which has passed the Commons, should have had just been read the third time.

He said the Chancellor, Sir Geoffrey Howe, had already announced measures to widen as far as possible the range of people who could benefit from the provisions of the Finance Act, 1979, by which employee shares held in trust enjoyed tax advantages.

He now had further information on the Government's arrangements regarding British Aerospace to take advantage of them.

On the initial flotation, the Government would be prepared within financial limits to make available free shares for employees who bought their own shares and lodged them all in a trust established under the Finance Act provisions.

What is proposed (he said) may be described as a limited offer for shares will be financial limits of two for the price of one with tax advantages on top of this.

In addition (he continued) we are also considering if we can and should go beyond this proposal by providing also shares for those employees who do not themselves contribute.

After the initial flotation it would be for the company to decide what the internal purchase price would be. This would require careful consideration but not government action.

The Transport Bill, which has passed the Commons, was read a second time.

House adjourned, 8.42 pm.

Value of £
Sir Geoffrey Howe, Chancellor of the Exchequer, in a written reply, said—Taking the internal purchasing power of the pound as 100 in May 1979, its value in March 1980, the latest period for which information is available, was 53.5p.

Value of coppers
Sir Geoffrey Howe, Chancellor of the Exchequer, said in a written reply: The value of the metal content of the 1p and 2p coins is approximately 0.33p and 0.65p respectively based on current metal prices.

Parliamentary notices
House of Commons
Today at 9.30: Finance Bill, second reading.

Objectionable dressing up of fact and fiction

House of Commons

The Foreign Secretary's statement on the expulsion of the British Ambassador to Saudi Arabia was commented by Sir Ian Gilmour, Lord Privy Seal.

Mr Tom Dailly—Many of the families of the 30,000 reside in complex areas like West London. What assurances can he give these families?

Sir Ian Gilmour (Chesham and Amersham, C)—We have no reason to believe that as a result of what has happened that the presence of Mr Dailly's constituents, and other British subjects, is any less welcome than it was before this latest development.

This incident does not mean the end of diplomatic relations. We have recently increased the number of our staff to serve the increasing community and the departure of our ambassador will not affect the staffing or the other relations which should be maintained.

Mr Eileen Gifford (Bury St Edmunds, C)—This incident would be damaging enough in its own right but seen in the light of the ground of the serious situation in Iran and Afghanistan, it is a matter of the greatest importance that our relations should be affected with the most important of the Arab oil states.

He should consider whether it would be helpful for him to see the Saudi Government personally for the purpose of discussing Anglo-Saudi relations with the Government of that country. One of the conditions of freedom of the press which we support is that there should

be responsibility of the media too. Sir Ian Gilmour—This incident, which would be regrettable at any time, is particularly regrettable in the light of events in Iran and Afghanistan. Obviously, we all on our side try to make the best of these relations as short as possible.

At present, it would not be appropriate for me or other members of the Government to go, although we are at all times ready to do what we can to bring about a return to normal relations.

We have freedom of communications in this country which the Government have been careful to maintain. We do not intend to interfere with that, but that must be balanced by a degree of responsibility by those people who make films which are shown abroad.

Mr Peter Shore, chief Opposition spokesman on foreign and Commonwealth Affairs (Lower Ham, C)—I am sure that the Government will be able to make a distinction between the wish for continued close relations with Saudi Arabia, which should take every opportunity to make peace with the Saudi Government that the press and television in Britain are not subject to ministerial dictation.

Other members of the Government should not be made to respect the culture and traditions of their country, we expect an equal respect for our own of respect for the culture and traditions of the Saudi Government from the word go, and from before the film was shown, that

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Why each country should pay some of the real cost of its surplus farm products

One sure way of putting a stop to the EEC 'follies'

The problems of Europe will not be solved in one crisis meeting dealing with Britain's contribution in isolation. The manner in which we seek to resolve the problems of Britain's contribution and return from the Community must make a positive statement to the other fundamental issues that need to be tackled if Europe is to achieve a new purpose.

The Community has already begun to benefit from the partitioning created by an elected parliament. It will further benefit as Greece, Spain and Portugal become members. It has, however, now fundamentally in review the workings of Community policy where these have given rise to economic imbalance between member states in providing policies that advantage the poorest members most of all while at the same time reducing the level of unemployment which is growing throughout the Community.

This is the real challenge that faces the Community. Only by solving the problems of the 1980s, as the original Community of 1960s will create a feeling of belonging and purpose among the ordinary people of the 12 nations that it will bind together.

When we look at Europe we must remember that the Community is established for political purposes and policies must be progressively devised which will meet them as well as more short-term economic issues. Although Britain is talked of with much sorrow in the rest of the Community, some of us will recall that had Britain not stood firm for Europe in the face of French disarray in the 1950s, and by the Treaty of Brussels committed itself to stationing troops in Germany, the very basis for creating the Community could never have existed.

Those commitments by Britain have cost us money across the exchanges which this year will total something like £800m. No other country other than the United States spends money so freely across the exchanges for the mutual defence of its allies.

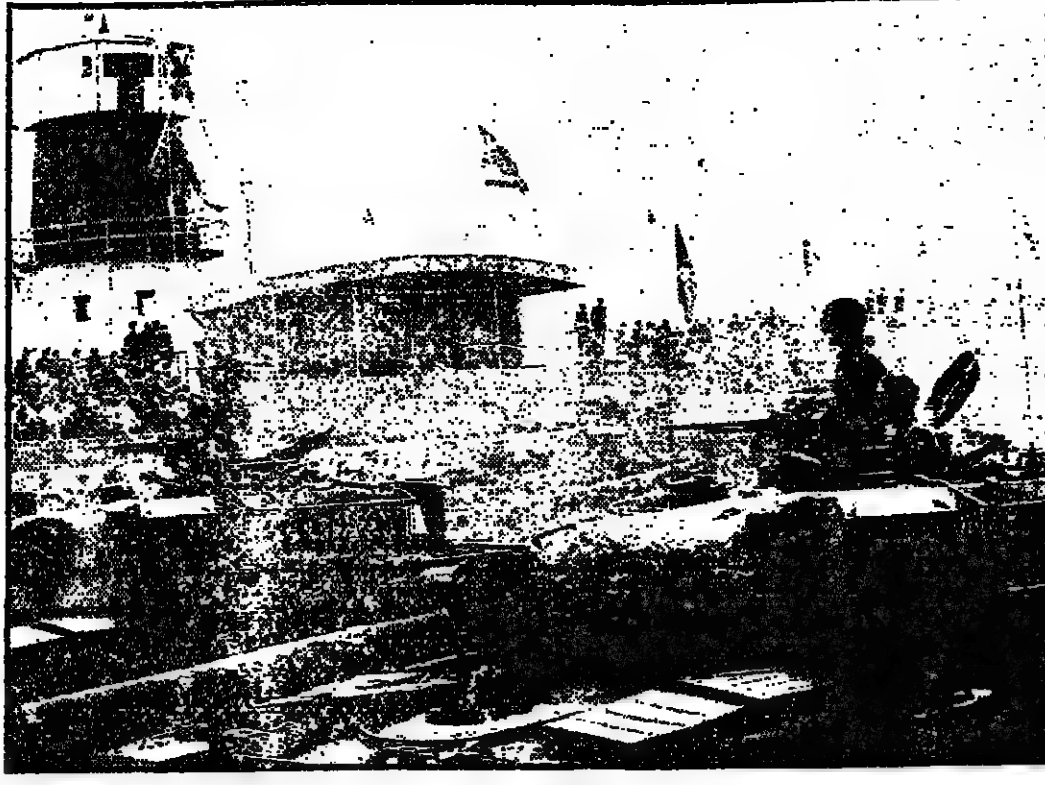
The amount we spend in Germany each year to the benefit of their economy is almost as much as the total of our deficit with the Community as a whole and represents the loss of tens of thousands of jobs in the United Kingdom and a comparable gain to Germany.

It should not be forgotten that when the French withdrew from the joint military command of Nato they breached the spirit of the Treaty of Brussels and since that time our commitment has in truth been a voluntary one from one of the poorest of the countries of western Europe.

We cannot for long have a Community that over-subsidizes agriculture, does little for the unemployed and treats defence as if it does not exist.

Britain and West Germany should each meet a quarter of the Deutsche mark costs of the British Army of the Rhine, but the other half should be met from Community funds. Britain should be required to use half these refunds to improve its naval and air force equipment and to use the balance to reduce its budget nearer to that of its European neighbours.

As Greece, Portugal and Spain become members, the Community should without replacing any Nato functions accept the historical responsibility that Britain once had as the paymaster of Europe. All three countries suffer from unemployment. All should make a contribution to western European defence and the Community should never have a



It should equip and finance additional forces provided by them for deployment on the boundaries of the Community. If these steps were taken and Belgium, the Netherlands and Denmark made a more reasonable defence contribution proportionate to their wealth, this would release some of the British and American manpower stationed in Europe and enable them to make a more positive contribution in the fields of naval and aviation defence of Europe as a whole.

The provision of the funds for this should be then a separate budget levied on member countries in proportion to their national income. Its existence would not only provide a new bond within the Community but would ensure that the general budget was looked at more critically.

The maximum cost involved would be less than one-fifth of 1 per cent of gross national product and there should be a ceiling fixed in such terms beyond which expenditure could not increase.

Because Britain has an economy radically different from the rest of the Community, there can be no resolution of the issue of equitable contribution to and receipts from the Community on a temporary basis. Any scheme has to envisage that as long as the United Kingdom has a gross national product below that of the Community on average, she should enjoy a mechanism that gives her a return on her contributions, and a return of her government will demand extra resources from the Community whenever it can, as long as someone else is going to foot the bill.

The CAP has all the disadvantages of a monopoly system financed by someone else's purse. It will never be controlled as long as it is financed in its present form. Farmers in countries that produce their currencies get the benefit of a lower inflation rate and lower costs, plus full

monetary compensation for the change in the external value of the currency. Monetary Compensation Amounts (MCAs) should be progressively abolished. As a first step no compensation should be paid for the first 5 per cent rise after only one-third of any currency change by countries who devalue their currencies should be paid.

MCAs are, however, only the icing on top of the fruit cake. The policy of stimulating agricultural production, piling up surpluses, and demanding progressively higher prices in relation to world prices will go on as long as the cost is met by the Community as a whole and the national budget has no share to bear.

The CAP is the only Community policy in which contributions from the Community do not have to be matched by commensurate contributions from the national exchequer.

It is the only product in which outside countries are unable to compete because there is no fixed external tariff on food but a variable ceiling that increases every time Community prices are put up.

The only way to reform the CAP is to insist that each country contributes towards the "folies" it is creating. The Community has no right to each country surplus farm produce which cannot be sold. The Community then has to pay the cost of the storage of such products and sustain the loss on the disposal of such surplus products.

The Community should therefore charge to each country 25 per cent of the money it pays to its farmers for buying their surplus products. It should charge the country concerned one-half of the cost of storage and half the cost of disposing of surplus products being in their country. Thus in the first time, the economic terms would have a view of agricultural policies for by this country and b Community as a whole.

Each budget would be of the cost of its own production. The government would have an interest in restraining such expenditure by means of production or by price reduction to its own consumers by the subsidising of other means.

The equitable sharing of between states is a mental to any confederation. We have not got a system in Europe and CA show that at this stage development giving Community to the Community without any cost borne by member country counter-productive.

Such a reformed CAP, as in countries seeking and farmers in more years. It would keep prices to the benefit of all farmers. It would reduce expenditure by the Community and allow more resources made available for the education, training, research, recreation, and low development of the Community. These are the kind of things that the Community need to do in the interests of its members including Britain. It is time to tackle effectively the problems of the 1980s.

Roy Grant
The author is General Secretary of the Association of Professional Executive Clerical Computer Staff.

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Getting the right Tory balance

Perhaps the most that Mrs Thatcher can realistically expect to achieve is to perform the historic Tory function of balancing

The largest Conservative backbench revolt so far this Parliament took place on Tuesday when 45 MPs voted to insert a clause on secret ballots into the Employment Bill. This was a rebellion by right-wingers against a left-wing member of the Cabinet. Previously there have been revolts by left-wing backbenchers against right-wing Ministers. It all intensifies the impression of a party that is divided on both the front and the back benches.

How deep is the split? There are, first of all, differences over the practical effects of specific policies. Would it be possible to enforce a requirement for secret ballots? If so, would that reduce the number of strikes? That kind of disagreement will always occur under any administration, and is a healthy sign in any party that its members are thinking for themselves. But the effect of these differences is compounded among Conservatives at the moment by personality conflicts.

There remain considerable misgivings about Mrs Thatcher personally, and about her style of government, both within the Cabinet and among Conservative MPs. Equally, the epithet of "wets" which she has bestowed upon some of her colleagues in Government and Parliament betokens a lack of respect for those with whom she disagrees. There is on both sides a lack of confidence not just in the judgment but also in the spirit in which the other approaches the challenge of government today.

This raises the third, and in some respects the most interesting point: the ideological divide. Mrs Thatcher and her closest associates see themselves as conducting a quiet revolution. They wish to establish a system in which government plays a less active part in our lives in general and the economy in particular, takes a smaller proportion of the national income for public expenditure and would leave more money in the pockets of

individuals to spend as they thought fit. This would involve, in other words, a return to the disciplines and incentives of the market economy.

Her critics within the party do not object in principle to these particular objectives so much as to the idea of creating a new system of economic government. It is the emphasis upon absolutes that worries them in ideological terms. They echo the words of Sir Ian Gilmour in his celebrated lecture on Conservatism in February: "A Tory, then, does not believe that any single economic doctrine or policy is capable of wholly explaining, guiding or predicting economic activity." Elsewhere in this lecture he remarked: "If you have a system, you do not need balance and moderation. Your system is, by definition, right and you do not want to modify it, since that would make it imperfect."

There is a philosophical or ideological distinction of some importance here. On the one side are those who are the heirs to at least the economic doctrines of nineteenth century liberalism, seeking to create or restore an economic system based upon the principles of free competition. On the other are those who draw their inspiration from the Tory tradition of balance, trying to apply the corrective to any fashionable trend that threatens to go too far in any direction.

The conflict is, therefore, simply over the pace and the extent of change. One should always be careful not to accept

It is not possible to live in Poona and be unaware of the Rajneesh Ashram, although Mr Levin's description in *The Times* of the "orange-clad rivers" flowing to Rajneesh's talk at 7 am is applicable only in the immediate vicinity of Poona's most expensive hotel, the Blue Diamond where Mr Levin perhaps stayed.

The Ashram is just round the corner from this hotel and the whole area (Koregaon, the site of one of the last battles fought against the Peshwas by the British in January 1818) is now a neglected colony. In other parts of town it is rare to see a Rajneeshi in follower of Rajneesh.

Since the Ashram is a large social fact in Poona, most people have an opinion about it. Mr Levin referred to the air of hostility... among the Indians themselves. It is the tales of dark doings, with hints of sexual impropriety that such movements invariably attract and the gossips outside who "circulate their stories of dark deeds".

I have just spent a year researching in Sanskrit at Poona university and I think Mr Levin has entirely failed to appreciate how fundamentally different Indian society is from English. Foreigners in India are in a very peculiar position with respect to caste. We are rich and powerful, or at least well connected, physically clean, and in many ways we make the signs of being high caste. But we are not even beef eat with either hand indiscriminately, accept water from anyone, drink alcohol and in several other ways align ourselves with the lowest of touchables.

India's way of solving this problem is to make of us another caste. We are not foreigners, and that name contains the phenomenon we are, much as a provincial Englishman might write off some odd behaviour from a tourist with "He's foreign; he doesn't know any better".

However, by dressing in the ochre robes of a renouncer and wearing the necklace of rudrakshi beads, the Rajneeshis are asking to be judged by Indian standards. They place themselves outside the comfortable walled group and begin making the signs of being a *sannyasin*

An Indian view of the followers of Rajneesh Ashram

Causing a scandal in Poona

Ecstasy: Bhagwan Shree Rajneesh and two of his followers

monk who has performed his own funeral rites and now wanders homeless, dead to the world, seeking only enlightenment, and leading a life of the most austere discipline. There are still many such men in India and they are deeply venerated.

The trouble is, Rajneeshis seem to come alive to the world as soon as they get to Poona. They are seen dining in all the most expensive restaurants, eating beef and drinking beer, and worst of all they are usually in couples, hugging in public, kissing, holding hands. This might sound tame stuff to a westerner but I can assure Mr Levin that only in one small area of the old city of Poona will he find Indian ladies behaving like that in public.

It is not that the residents of Poona need to speculate on what goes on in the Ashram (though of course they do): they are scandalized and offended by the "outrageous" behaviour of Rajneeshis, and about in town.

It is not possible to give an analogy that would convey the full power of the thing but imagine a group of very rich Arab businessmen starting a church in London where they all dressed in Anglican ministers' robes, with collars, were armed arm in arm with their girlfriends and had services with pot and steak pie for wine and bread. Wouldn't there be an outcry? I think that in the circumstances the people of



"Widely acclaimed," he conceded, "but scarcely well known"

He formed the words reluctantly, as though afraid "La Grande Complication" might lose some of its aura through the mere suggestion of being famous.

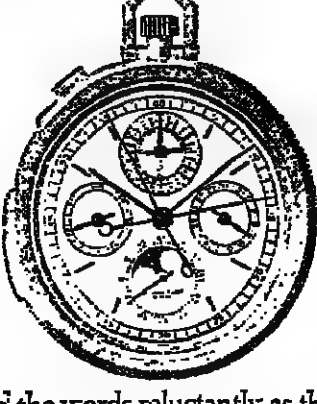
Whilst, as I pointed out, awareness of this extraordinary masterpiece of the watchmaker's art cannot dull its brilliance, its price of £40,000 means that few people will ever know the pleasure of owning one.

Everyone else, I reflected, must be content in the knowledge that such craftsmanship still exists today.

As if reassured, he handed the slender chronograph back to me, his fingers lingering for a moment on the finely edged gold case.

Audemars Piguet

Illustrated brochure and a list of appointed jewellers is available from Audemars Piguet, 73 Saffron Hill, London EC3N 8RS.



Pravda can probably boast that it is the most quoted newspaper in the world. It certainly has the biggest circulation, with some 10,700,000 copies printed each day and an estimated readership of 50m and the world knows that when *Pravda* speaks, the voice of the Kremlin is talking.

These official pronouncements, often signed with pseudonyms and laying out Soviet policy, conjure up pages of burgled speeches, columns of statistics, weighty articles denouncing the latest policies of Washington, Peking or some other offending country.

All this is true, and there are days when *Pravda* does seem stupendously dull. But it is not the whole picture. Stories of embezzlement, fraud, muggings and hold-ups, investigations into ministerial cover-ups and attempts to falsify the figures, challenges to ministers to tell consumers the truth—all this is the stuff of Fleet Street journalism. It is also the daily fare of *Pravda*, *Travestita* and *Literaturnaya Gazeta*.

Contrary to common perceptions in the West, the Soviet press is one of the most campaigning, hard-hitting and effective in the world. The headlines may be smaller, the layout more staid and the picture less revealing of human flesh, but the Soviet papers are just as committed to getting their message across, setting the world to rights and giving the readers a good laugh now and then.

Of course the difference is that the message is not just the editor's musings, but the party line. Within that framework Soviet editors could adopt the same motto as their western counterparts: "We name the guilty men!" There is nothing a Soviet journalist likes better than unearthing a racket or exposing some shenanigans in this or that factory or ministry.

Of course he has to get clearance first. The story, and especially the recent rash of crime stories, is printed not so much to shock or entertain but to warn. But once the party has decided that a sector of the economy is not pulling its weight, or public concern should be aroused over drunkenness, hooliganism or corruption, we betide the offending factory when the *Pravda* journalist starts snooping around.

Soviet papers never criticize the system itself, unless the party has already considered making changes.

But once the leadership has picked a target, the papers weigh in. Soviet railways are a good example. Mr Brezhnev has several times complained they do their job poorly. To judge from articles over the past two years, they are in utter chaos.

I have occasionally reported articles about stations piled high with uncollected goods, regional networks stealing each other's trains to fulfil their own plan, trucks trundling all over the country while irate factories

MOSCOW DIARY

It seems to be a case of Loved her, hated him...

was to lock them up properly, so it set up a unit to design a burglar-proof lock.

This unit, as a Soviet institution, acquired a life and momentum of its own. It gathered together some engineers, invented a long-winded title, found premises, set up a research programme and had all the usual trade union, party and recreation committees.

Day after day white-coated designers settled down to ponder over the problem. This went on for about two years until the boss one day hit upon the perfect design in his own home. With a cry of Eureka he got his colleagues to make a prototype and took it back to the ministry. They had forgotten all about the unit, and were outraged to be presented with a prototype for several hundred thousand roubles—the entire expense for this happy little "scientific research organization" for two years. Grudgingly the ministry paid up and a series of prototypes was made for testing.

When the big day for the test came all the designers descended on a station where they chose a train at random and fitted 20 of the trucks with the new burglar-proof locks. Then, in a farewell ceremony, they made a few speeches, waved goodbye, congratulated each other and went home.

Unfortunately no one thought of the next stage. The train chugged off till it came to the junction where the goods were to be unloaded for transship-

ment. The puzzled railway workers could not open 20 of the trucks. They tried everything and then summoned the local blacksmith. He broke several tools in a vain attempt to undo the locks, and in the end the whole lot had to be blown up with explosives.

Many of the campaigns taken up by the press arise from readers' letters. Writing to the paper has become a legitimate way of battling with the bureaucracy in this country, and the vast postbag received by the papers gives the Soviet leadership a useful feeling for the mood of the country.

One criticism made of the press itself by Mr Brezhnev is that it is too uniform. There are dozens of daily papers published in Moscow and hundreds in the provinces, but instead of differing in their level of sophistication—quality or popularity—for different organizations—the trade unions, the Komsomol, Youth League, the Army, Soviet industry and so on.

But even these distinctions of allegiance are rather artificial. All papers carry identical reports, pictures and layout when reporting party functions or official news. They invariably have very similar foreign news sections. And many stories of social or contemporary themes could just as well be in the paper of another.

A special place is occupied by *Literaturnaya Gazeta*, which is a weekly organ of the Soviet



Richard Dim

ENERGY IN BRITAIN

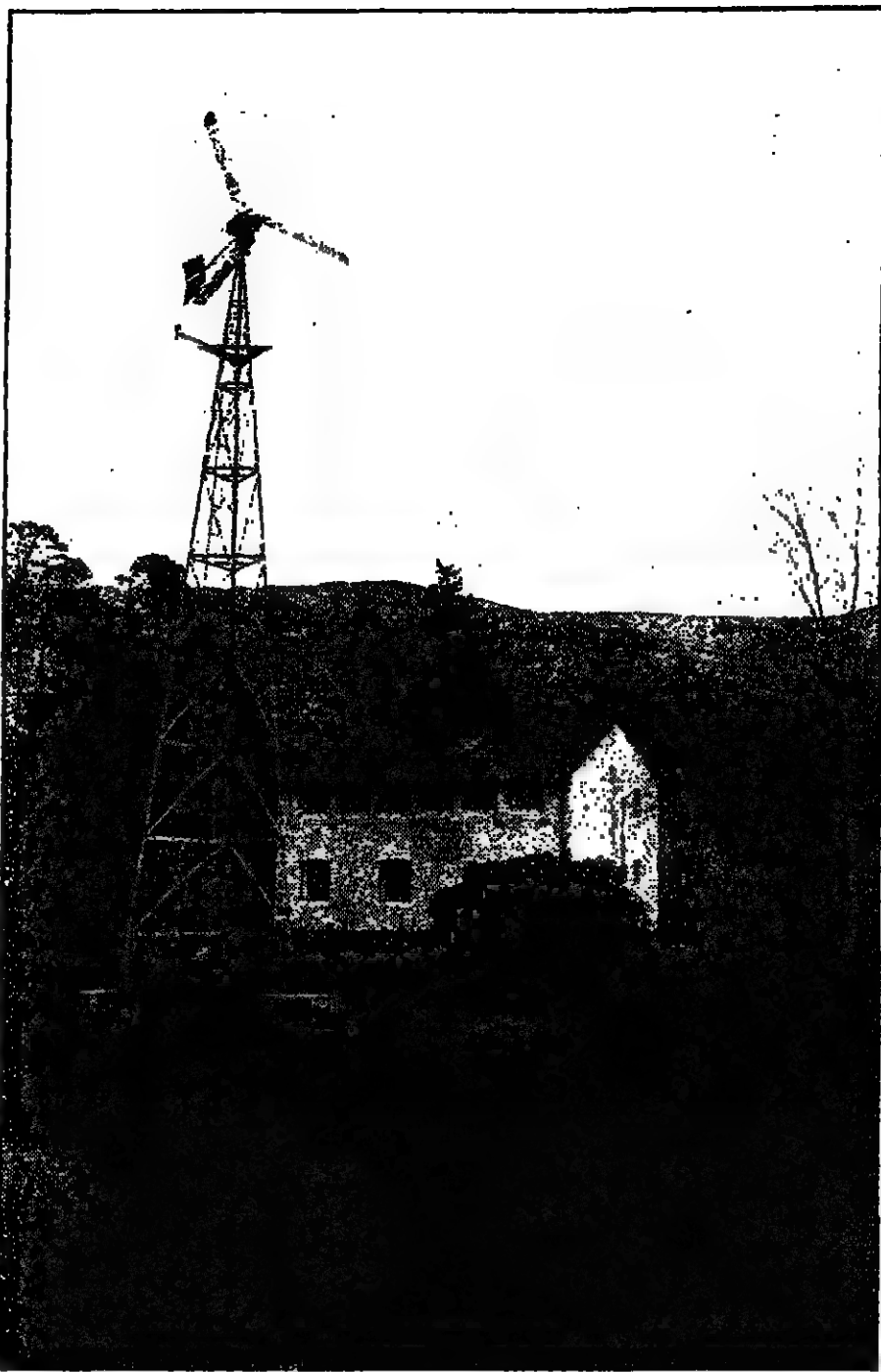
The Government must ensure that Britain has enough energy to meet the needs of the economy from the year 2000. In the introductory article to this report, Nicholas Hirst, Energy Correspondent, advocates ordering more supplies than might prove to be necessary, while Pearce Wright, Science Editor, suggests that this approach deflects attention from the proper development of alternatives.

Aim must be caution

It could go back 10 or 15 years with the knowledge that the oil crisis would be changed. It is regretted that Britain has not been able to do this. The general strategy adopted by the Government is clear enough. It believes that the days of cheap energy are over, that supplies will become internationally more difficult and more expensive to obtain, and that there is every possibility that by the year 2000 Britain will need to be a net importer of oil or coal or gas and electricity is being raised to domestic and industrial consumers and advertising on conservation continues.

The general strategy adopted by the Government is clear enough. It believes that the days of cheap energy are over, that supplies will become internationally more difficult and more expensive to obtain, and that there is every possibility that by the year 2000 Britain will need to be a net importer of oil or coal or gas and electricity is being raised to domestic and industrial consumers and advertising on conservation continues.

The 1979 projections were out of date almost before they were published. The paper assumed that world oil prices would rise significantly above the levels then ruling, reaching some \$30 a barrel in 1977 prices by the end of the century. We are already in the 1979 paper was continued on next page



The photographs in this report were taken by Simon Heaven at the National Centre for Alternative Technology, Machynlleth, Wales. The centre's approach to the problem of depleting energy supplies is to emphasize conservation and renewable energy sources, with fossil fuels used as a back-up while these are developed. The picture above shows a low energy consumption house with all-round insulation, quadruple glazing, controlled ventilation, and a heat reclaim system using a heat pump driven by batteries which are charged by the windmill. The windmill also supplies power for lighting.

Opponents want fair hearing

Although nuclear power has been in commercial use for generating electricity for more than 20 years, the first extensive examination of the controversial aspects of this source of energy did not take place until the Windscale inquiry two years ago. The transcript of the 100 days of that hearing contains more than 2,500,000 words in its 8,000 pages.

By any criterion, the evidence includes matter of fundamental importance to the nuclear debate and to the understanding of the political process of planning large technical ventures in the United Kingdom. Yet the final report from Mr Justice Parker and his assessors is a masterpiece of brevity.

Any lawyer, politician, scientist, engineer, planning specialist or environmentalist seeking to study the case has to turn elsewhere for a documentation of the issues and argument. Perhaps the most rigorous of such volumes is *The Nuclear Controversy*, published by the Town and Country Planning Association in association with the Political Ecology Research Group. Since both groups were partial observers and participants throughout the Windscale inquiry, the obvious care taken to present the issues in a neutral way is commendable.

The shape of the nuclear controversy changed last year with the accident to the Three Mile Island plant at Harrisburg, which gave the anti-nuclear movement a far more populist voice in Britain. Hitherto, the actions of various campaign groups had lacked the direct political thrust of their counterparts in the United States and elsewhere in Europe.

Evidence of the new urgency and popular sentiment on the matter came with the Harrisburg Day rally in London on March 23 this year, which was organized by the Friends of the Earth and supporters from politics, science, industry and unions. It was the start of a wider campaign against the Government's plan to expand the nuclear programme, and to adopt the American type of pressurized water reactor that dominates the atomic power station market in all other countries.

One of the charges of the anti-nuclear campaign is that of inequality. In recognizing the reality of a situation in which the might of the Atomic Energy Authority, electricity generating boards and private industry are combined in spending something approaching £2m a year on propaganda, the opponents are not arguing the case for that to stop but rather that they are entitled to a fair hearing for their submissions.

Since their object is to retain the quality of life for all, their desire to have an equal opportunity for putting their solutions seems not unreasonable. They maintain that there are options available to the energy business, but their submissions tend to be overwhelmed by the barrage of the defence put up in favour of nuclear power.

That is understandable since the attack on the development of atomic energy comes from so many quarters. This is because of the qualitative difference in risk between nuclear energy and any other source of power or industrial hazard.

One of the fiercest arguments turns on the economics of nuclear power. It is certainly a massive consumer of capital, with new power stations needing some £1,500m each. Apparently the capital costs have risen house.

ADVERTISEMENT

ENERGY BLUEPRINT NO. 7

PLANNED EFFICIENCY AND ECONOMY IN THE USE OF ELECTRICITY

School's heat pumps teach vital energy lessons

Back to school could well be the best message for anyone currently involved in designing buildings. More precisely, back to Roach Vale Primary School, Colchester, recipient recently of a RIBA commendation for good design. The scheme itself, a three-story five heat pumps, may be tiny small in scale, but it is an excellent model for learning about the advantages of an overall approach to environmental design in all types of buildings.

Central to the school's controlled environment are the five heat pumps which provide year-round heating, ventilating and cooling. In winter, the heat pumps use the outside air as the heat source, even when temperatures are quite low. Their output is implemented by using heat from the warm exhaust air of the building, which is passed over the outside coil of one of the heat pumps. In summer, the occupants are kept comfortable by ventilating the building with, in very hot conditions, the heat pumps are used to provide additional cooling.

Modular Design

But the equipment is only half the story. As important was the careful consideration given to design of the structure in which it operates. A modular method of building (MCB) is used, purpose-designed by Essex County Council in conjunction with consulting engineers Chamberlain and Armiters. This emphasises the importance of heavy insulation for roof and walls, doors and draught lobbies, and sealed windows.

For it is only in a structure itself designed for energy efficiency that an efficient, economic and controllable environment can be created.

But Roach Vale is only a stage in the process of learning from succeeding stages of design development. And now that reduction of energy consumption is a real concern, the implications of that

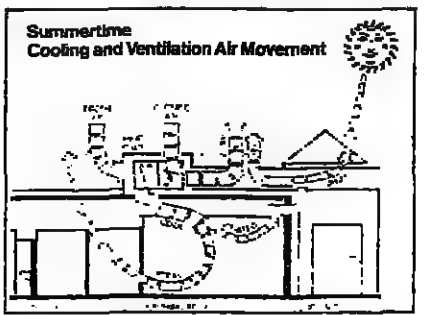
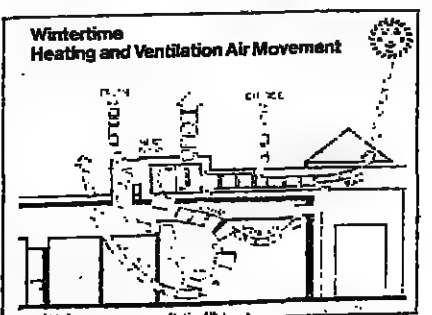
process extend far beyond schools into buildings of all types and sizes.

In energy matters, industry and commerce can no longer afford to spend indiscriminately - and re-education often starts with small pioneering projects like Roach Vale.

For more information tick box No. 1.



Roach Vale Primary School: efficient controllable environment.



Heat pumps—the energy savers

Heat pumps. What are they? What do they do? The title page of a new booklet from the Electricity Council gives the short and simple answer: the energy savers.

Saving energy is what the heat pump is all about. In installations throughout the country - offices, shops, banks, schools, social clubs, restaurants - big economies are being made.

Of course, the needs of such a variety of premises are bound to be varied. But heat pumps are readily available in sizes suitable for most situations where a controlled environment is required all year round. For a copy of the heat pump booklet tick box No. 1.

Annual energy savings of well over 50 per cent and a greatly improved working environment—these are the results of comprehensive improvements to an 1860m² office area at the International Harvester Corporation in Doncaster. Modernisation in four areas—lighting, heating, cooling and insulation—has brought the office right up to date.

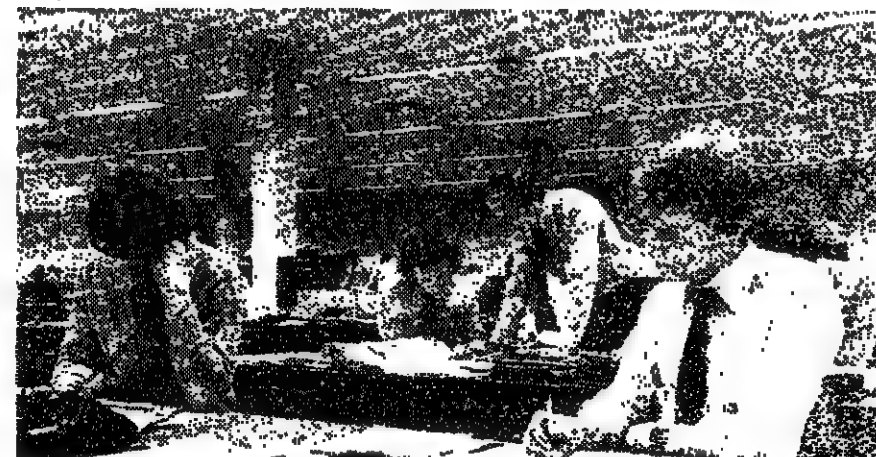
It is true to say that before the changes the single-storey office was virtually a relic of the steam age - its principal heat source was an antiquated underfloor steam system. In winter this struggled unsuccessfully to combat cold down-draughts from the abundance of roof lights. In summer the same glazing caused significant overheating, which could only be remedied by the simple but haphazard expedient of opening doors and windows. So everyone suffered - the office staff physically, and the company financially, with the regular arrival of large fuel bills.

Action

In its modernisation suggestions the Yorkshire Electricity Board looked at all areas affecting energy expenditure together and identified four main areas for action:

1. A new false ceiling was necessary over the whole office, to be used as a return airplenum with air handling light fittings.
2. Efficient roof insulation needed to cut seasonal heat loss or gain.
3. Lighting levels were to be upgraded in line with the IES Code standards.
4. Air conditioning—essential for summer comfort and proper air distribution.

Office face-lift brings 50 per cent savings



Better working conditions at International Harvester's Doncaster Office.

The addition of two heat pumps for even greater heating economy means that in practice the YEB recommendations have brought the total annual reduction in energy consumption to over 50 per cent.

The original refurbishment has been so successful that International Harvester are now adopting the same principles in modernising other offices on the same site. In the latest case they are obtaining even

For more information tick box No. 2.

Electric boost for hotel trade

Winter holidays, once seen as a continental luxury, are now an area of considerable growth potential in the British hotel trade. And at the Madeira Hotel, Falmouth, this potential is now being realised with the help of a recent electric modernisation programme. For under £5,000, the new electric system is being used to supplement an existing oil-fired boiler, to provide a warm and welcome addition for management and winter visitors alike. It makes use of electricity for both heating and hot water needs, while keeping installation and operating costs to a minimum.

The seafaring hotel, originally five turn-of-the-century houses, is open all the year round and accommodates over 90 guests. Its owners at first considered installing a larger oil-fired boiler, but capital costs and the expensive replumbing necessary weighed against it. The basic existing oil-fired system supplied heating to the ground floor and hot water to a few of the bedrooms.

Electric equipment could have been used in a variety of ways to supplement this. In the end electric panel heaters with integral thermostatic control were chosen for heating 42 of the 49 bedrooms. These cut waste because they are used primarily when the rooms are occupied, leaving

guests free on arrival to choose the room temperature that suits them best. Heating on the landings also has thermostatic output control; in this case using storage fan heaters.

Flexible

The same flexible approach has been applied to meeting the hot water requirements for new shower installations. For the second floor bedrooms 13 electric instantaneous units ensure that energy use is cut right down to the time it takes to have a shower. For the more continuously used first floor bedrooms, water for showers and baths not supplied by the existing system is

provided by off-peak electric heaters in well-insulated storage cylinders. The hotel owners were particularly satisfied by the reduced amount of pipework needed, and the low operating costs achieved.

Manager Mr Turner was pleased with the way the heating coped even on the coldest days - no boost at all had been needed. When unoccupied the rooms had been kept aired with the heaters on a lower setting, thus providing the guests with a warm welcome through the whole winter. Annual operating costs for 1978/79 including the cost of lighting, TV, etc, came to just under £4,100.

For more information tick box No. 3.

Please send me copies of leaflets/information on the following topics. Please tick as appropriate (U.K. only)

☐ 1. Heat Pumps

☐ 2. Heat Recovery

☐ 3. Madeira Hotel

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POSITION

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ENERGY IN BRITAIN

Management of resources

Making the most of it

The Government is looking for energy savings of 20 per cent by the year 2000, as a contribution to narrowing the energy gap likely to develop as oil runs out in the 1990s. Mr David Howell, the Energy Secretary, said recently that conservation must be "tapped", as if it were a new resource. In many ways it must be regarded as such.

At the start of the 1970s energy was cheap and plentiful: oil was \$1.35 a barrel and petrol about 34p a gallon. The Department of Energy had not been invented.

As Britain enters the 1980s there is no doubt that attitudes have changed. The lessons of the 1970s, when prices suddenly began to leap ahead, are being learnt, and some improvements in energy use achieved.

Throughout business, a paid army of 5,000 energy managers is reckoning an annual bill of about £8,000m. In every kitchen and car, the "Home Guard" is doing its bit of course, there are good soldiers and bad—but where stands the Government?

Having laid down the battle plan and distributed a few weapons—in the form of cash incentives—it now seems content to lead from behind, providing back-up services and side-line exhortations. Unlike its predecessor, the Conservative administration wants to ensure that price is the spur to energy conservation progress.

Ironically, this has prompted criticism that the Government is merely rationing by price—and not efficiently, either. The way in which different forms of energy compete and are sold to domestic and industrial consumers is bound to cause anomalies.

Public corporations which profit by selling energy are required to persuade consumers to use less. Industrialists who would reduce their use of fuels by, say,

switching to gas are told that it is not available. Instead, it must be made available to less efficient, domestic users.

Nevertheless, the present Government, by emphasizing the role of price, has moved away from the more simplistic appeal of the original Save It campaign. Critics might argue that this has not been replaced by the "You can't afford it" campaign.

The Government would probably prefer to describe its present policy as "Make the most of it". This change in emphasis is reflected in the recent statements by Sir Hermann Bondi, who took over in February as chairman of the Government's advisory council on energy conservation. He said: "Energy is not something to be saved at all costs. We cannot allow our energy needs to dominate our lives and need to restrict our freedom of choice. Energy conservation should make our lives more, not less, comfortable."

(Sir Hermann described himself as an "anti-shirt man".) Sir Hermann believes much can be achieved by the application of more brainpower—the imaginative application of electronics, for example—rather than by the introduction of more hardware. Correspondingly, some forms of government assistance are to be scaled down.

The Department of Industry will not renew its energy incentive conservation scheme, whereby money was advanced to cover the replacement of inefficient heating systems, when it expires in June. More recently, the Government announced, to a chorus of opposition, that it is to cut cash aid for loft insulation in houses.

Various services remain. They include industrial energy audits, technology support schemes, conservation advisory services, and other information aids. These are supported by a general energy education campaign directed at industry, commerce, and the home-owning and car-driving public.

The most impressive—perhaps because they are the most easily quantifiable—savings have been achieved in industry, commerce and the public sector, which together account for about

50 per cent of national energy consumption. ICI has averaged a 41 per cent decline in energy use per unit of output since 1971. It is now chasing a target saving of 5 per cent.

Rank Xerox expects annual savings of £67,000 a year to come from the installation of automatic, computerized control of heating, lighting and ventilation at Mitcheldean. Among the methods used to identify possible areas of conservation was infra-red thermography. A thermograph taken from an aeroplane at night showed losses from two buildings which should not have been heated at that particular time, and from an inefficiently lagged steam pipe buried a metre underground.

A Government-backed energy conservation demonstration at the Rockware Group's Bagley works showed that an 85 per cent reduction in energy use could be achieved by changing from electricity heating in a container glass forehearth.

A new heating system in a tunnel kiln at the Yorkshire Brick Company's Barnsley plant has cut energy requirements by 15 per cent. Recovered kiln heat is used to help dry clay used in brick-making.

West Midlands County Council is saving an estimated £600,000 a year as a result of replacing tungsten lighting with sodium units. The investment of £1,500,000 will be repaid within three years.

Improvements to W. H. Smith's heating plant at Strand House, the company's London headquarters, has reduced fuel requirements by 71 per cent. The company is seeking annual savings of £2m in the fuel requirements of its 200 shops and 60 wholesale houses.

Car designers are racing to improve petrol consumption. (Transport accounts for about a quarter of energy consumption.) Mr Gordon Eastford, the chief engineer of B.L. Technology, said that Volkswagen was hoping to have a 70-miles-per-gallon model available by 1988. "BL just hopes to beat them to it," he said.

John Huxley

Since the Conservatives came to power there has been an increase in exploration in the North Sea, and interest in developing new fields is as high as ever.

Conoco has announced plans for the Hutton field which has been on the point of being developed for six years using a novel platform fixed to the sea bed by vertical tensioned cables. Marathon has received permission for its £700m development of part of the complicated Brae field. British Petroleum should float out its semi-submersible production platform, the Drilmaster, for the Buchan field. In June, activity seems to be booming.

But complaints within the industry over delays in decision making within the Department of Energy have grown louder and louder as the months have passed, culminating last month in an official statement by the United Kingdom Offshore Operators' Association.

The industry's chief man

is that at a time when the oil price has risen once more to record levels in real terms and looks increasingly unlikely to repeat the falls made in the five years after the 1973-74 energy crisis, when values were eroded, it is not being given enough acreage into which to sink its drills.

The Government is faced with making a difficult decision which could influence the pattern of development of the North Sea for the next 20 years. That decision is whether the rate of depletion of Britain's oil reserves should be constrained to extend their life or whether production should be allowed to build up to a maximum in the mid-1990s, after which it would go into a natural long-term decline.

The Department of Energy has wanted to get its views on depletion policy clear before concluding a new seventh round of licensing. Many in the industry do not see why it should. Within industry

many experts believe that deep, more hostile waters should be explored and, if more difficult conditions are expected and the rise in the price of oil has probably brought the minimum level of field that can be developed down from a range of reserves of 250 million to 350 million barrels to the 50 million to 150 million range.

The industry would like special fiscal arrangements for marginal fields but, as yet, there is no evidence that any field would have been developed if the tax and royalty system had been softer, that has not been developed under the present rules.

But the amount of acreage available for exploration has fallen sharply. According to UKOIA eight years ago about a third of the British continental shelf was available for exploration drilling. A combination of mandatory relinquishments and smaller licensing rounds had reduced this

North Sea oil

How fast should we deplete our reserves?



Combustible waste that cannot be recycled is used to fire an old steam engine which in turn drives a stand-by generator producing about three horsepower.

area so that now there was only about 10 per cent of the total acreage under licence. The Department of Energy has promised to license about 70 blocks in the seventh round, including areas north of the 62nd Parallel, which have not been on offer before. The industry would like far more so that its exploration effort might stand some chance of keeping Britain self-sufficient in oil at the year 2000.

Ministers have been concerned not to produce the rush on equipment and manpower which helped to escalate costs after the large licensing rounds in the first half of the 1970s. Depletion control could be used to push the date of self-sufficiency further into the future. Exploration activity, the argument goes, would not then need to be quite so frenzied. But is control worth it?

As a result of guidelines laid down by Mr Eric Varley (when he was Secretary of State for Energy) to run until 1982, production can only be reduced under exceptional circumstances. The Department of Energy's reduction of production levels on the Shell-Eso Brae field was not a depletion measure as such, but a control aimed at stabilizing gas savings by that field. Nevertheless, the action taken showed willingness to hurt company profits, in what the Government saw as the national interest.

From 1982 the guidelines further restrict government's ability to control production, but sufficient flexibility remains to allow the Government to separate North Sea oil from about new self-sufficiency. In the EEC's margin of export will be required in any case, to two are connected. I meet the commitment of a Department of Energy is not oil export of five million tonnes in 1985 even so, but its intention can be served.

Delays in production starts have continuously

pushed back and flattened the so-called hump in production in the mid-1980s and it is unlikely that any one year production may be much more than or 20 per cent above the self-sufficiency level of million tonnes a year.

If all the oil to be produced in excess of self-sufficiency is taken together might, at most, supply extra two years supply. Curtailment of output would reduce government revenue in the next few years a cue company profits.

Economically, a gain can only be made from keeping the oil in the ground if the rate of increase in its price is as great as the price that could have been realized by investing the proceeds earlier production. There is no guarantee that this is so and the Government record of using revenue not good.

The final question is most important. What are the implications for foreign policy of curtailing production? Access to oil is a factor of State for Energy) to run until 1982, production can only be reduced under exceptional circumstances. The Department of Energy's reduction of production levels on the Shell-Eso Brae field was not a depletion measure as such, but a control aimed at stabilizing gas savings by that field. Nevertheless, the action taken showed willingness to hurt company profits, in what the Government saw as the national interest.

Nicholas H...

HOM Brit give pro

By Michael Transport... British... unless the... financial... Peter Park... his chair... railways w... by year in... ment's cas... doing the... death w... The fir... Rail is th... our finan... short of... bility. Si... menting or... improved r... "The pri... been bett... financial s... be forced... pending m... Site. Pe... prompt, b... p... the Minis... said in a... question d... that he... R... would... within i... limits". I... effective c... European... was no re... in a ve... s... sender fr... freight bu... made an... before cha... way comm... 1978. The... tax, inter... charges to... compared... £6.4m. The... £530m, £14... for.

CB to h

By Our Ed Correspondent... The Con... Industry... tighter co... planning... to make i... the needs... and for m... selection.

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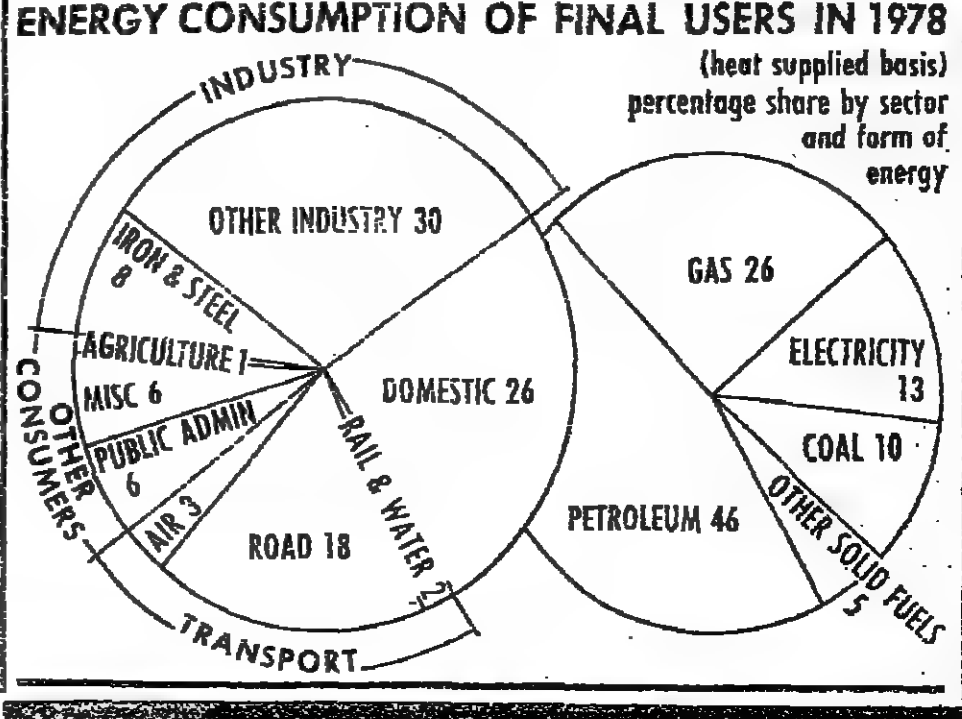
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Answers for the 80's

Aim must be caution... continued from previous page... produced Treasury growth estimates over the next few years have been slashed, while the level of interest in the North Sea, as a result of record real prices for oil, has been revitalized. The Government proposes to meet energy demand in 2000 by a three-pronged attack of promoting conservation, developing coal and nuclear power. But all three can be influenced by government policy outside energy. The plan for the nuclear component was to have a steady ordering programme which would allow nuclear stations to replace old coal stations as they neared the end of their lives and would supply new capacity for demand growth. The impossibility of ordering to precise demand was recognized and a rational decision taken to order regularly in an attempt to build up the nuclear industry to a level where it could, if necessary, meet a much higher ordering programme in the future, when fossil fuels became increasingly scarce. This policy has jumped its first hurdle, but only just. A rise in the cost of the two British-designed advanced gas-cooled reactors, coupled with a fall in expected demand growth forecast by the Central Electricity Generating Board, and as a result of mild winter, £300m of over-spending by the electricity authorities, led the Prime Minister to call in the Central Policy Review Staff to examine the effects of cancelling both. ... a reprieve, but the policy of relying on steady ordering has taken a knock. Considerations on other matters than energy are always threatening energy policy. If electricity demand does fail to grow sufficiently to justify the size of programme the Government has ordered, it can be reduced slowly. Cancellation now would have severely damaged the industry; reduction in the future would not be nearly so drastic. But over what sort of period should the Department of Energy allow demand forecasts to be reduced before it cuts back a programme? It is not an easy question to answer. Having too much capacity is almost as embarrassing as having too little, but not quite. The department has to plan for all its policies to come together so that, if possible, the need to import expensive is delayed for as long as possible. Gas conservation is being encouraged by the rises in price planned for the next few years. The increased revenue flowing into the Gas Corporation will also ensure that it can pay a sufficiently attractive price for the oil companies to renew the exploration effort in the North Sea. However, the price rises are higher than the Gas Corporation itself would have liked. Again other considerations than energy policy influenced the level that was set. The market place is being used to reduce demand, but not to cost the supplies. But perhaps the biggest question that the Government has to face, having taken the decision gradually to increase the amount of nuclear generated electricity is what it should do with the North Sea. Should it move to control production so that it never rises much above net self-sufficiency, or should it allow the oil companies to be the best judge of the most profitable time to exploit the reserves and allow net exports to build up in the middle of the decade? If production is controlled should the number of licences to be offered for new exploration be controlled, also? Should the companies be allowed to explore, but not to develop their finds? The department has not been quick to make up its mind about what it should do. The temptation to leave the oil in the ground is strong, but the extension it gives to supplies is small. If world growth is much lower than has been forecast, then oil in 2000 may be freely available and it might have been a better economic bet to produce the North Sea oil faster. If the British coal industry fails to meet its investment target, if less gas is found than expected, if the nuclear programme falls behind, the United Kingdom could find itself buying expensive energy from abroad with the ever present threat of a cut in supplies. The Government's aim must be to err on the cautious side, and that means investing in new energy resources so that there is no chance of being without, even if in the short term some of those investments might appear unnecessary. TOTAL INLAND CONSUMPTION OF PRIMARY FUELS IN 1978 337.8 million tonnes coal equivalent



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Coal

Potential market of 200 million tons a year by turn of century

A big increase in oil prices in 1973 not only curbed the consumption of oil in many countries but also stimulated their economies by making them more self-sufficient. The oil price increase of 1973, however, was largely a one-time phenomenon. The steadily increasing use of oil, and the price that oil did little to discourage such consumption, by 1974 the world was looking not only at alternative forms of energy—among them nuclear, wave and solar—but also at one of the oldest fuel industries, coal.

The National Coal Board, on the completion of its studies into its assets in 1974, responded with the publication of *Plan for Coal* as a basis for its strategy to steer the coal industry towards 1985. The aim was to maintain the deep-mined output at 120 million tons a year and to increase the output from open-cast sites, about 200ft deep, to 15 million tons a year. The document also emphasized the need for new investment in collieries to provide more than 40 million tons of new capacity a year by the mid 1980s. The attainment of that goal, the report said, would depend heavily on major

improvement schemes to make old mines more productive while investing substantial money in the search for new mines. The oil price increases of the mid-1970s accelerated the search for these new mines, particularly in countries where the reserves were substantial—the United States, Russia, Australia, Canada and the United Kingdom.

In *Plan for Coal* the NCB had outlined the decline which had taken place as a result of decades of cheap oil. The volume of deep-mined coal production had fallen during the 1960s and expenditure on major pro-

jects by 1972 had been reduced to a tenth of the previous decade. The report had added: "All this is reflected in the reduction of output from 184 million tons in 1960 to its present level of 120 million. These trends must not continue." That philosophy was confirmed by a tripartite group of Government, unions and NCB which studied *Plan for Coal*. Further studies by the NCB and the Department of Energy concluded that the potential market for coal by the year 2000 could be as high as 200 million tons a year.

The 1974 survey had drawn attention to the promising coalfields which could provide that extra fuel, among them Selby in Yorkshire, the extensions of the rich East Midlands coalfield at the Vale of Belvoir and the area between Newark and Lincoln. The plan's exploration and improvement schemes would provide in all an additional 42 million tons a year at an estimated cost of £3,000m.

At present nearly two thirds, 80 million tons, of British coal is consumed in power stations. In addition significant quantities are consumed in industry and in the home. As pressure on oil supplies mounts, oil will be progressively displaced

from power stations and general industrial use. Oil production is likely to reach a peak in the late 1980s and Britain could well become a net energy importer again in the 1990s. There is a need for more coal to enable the oil and the gas reserves to be used more sensibly in the 1980s and to provide long-term security when the oil and the gas supplies diminish.

Although technology to mine and use coal efficiently has advanced, the environmentally conscious are frequently opposed to the creation of new mines. Of those outlined in the 1974 paper, development at Selby is under way but the inquiry into the Vale of Belvoir is more than two months old. The inquiry has raised a number of emotional issues. Giving evidence, Mr Raymond Razell, general policy engineer for the Central Electricity Generating Board, said that if Belvoir coalfield was not developed and it became necessary to transport coal from outside the area, the additional costs would exceed 58m a year. The project at Belvoir would cost £760m and is expected to provide 2,200,000 tons a year between 1990 and 2060.

But if coal is to replace oil or gas it must be able to generate the by-products derived through oil refining, on which the chemical engineering industries so heavily depend. At the NCB's research stations at Stoke Orchard and Bretby, investigative work is in progress in five areas. These are: fluidized bed combustion, to improve the efficiency of electricity generation from coal; gasification, where the process results in the creation of gas known as SNG (substitute natural gas); pyrolysis, a method of increasing the temperature of coal under restricted air supply to create hydrocarbons normally only produced in oil refining; where coal is dissolved using solvents to make liquid fuels; and metallurgical fuel production, where new designs for blast furnaces will be tested.

There are few industries that can safely say that they have a future, particularly one measured in centuries. Coal is certainly one but in the words of Sir Derek Ezra, the NCB chairman, "The year 2000 is only just over 20 years away. If we are to develop the new systems of mining and the coal conversion techniques in time, we must take the decisions now."

BHI Johnstone

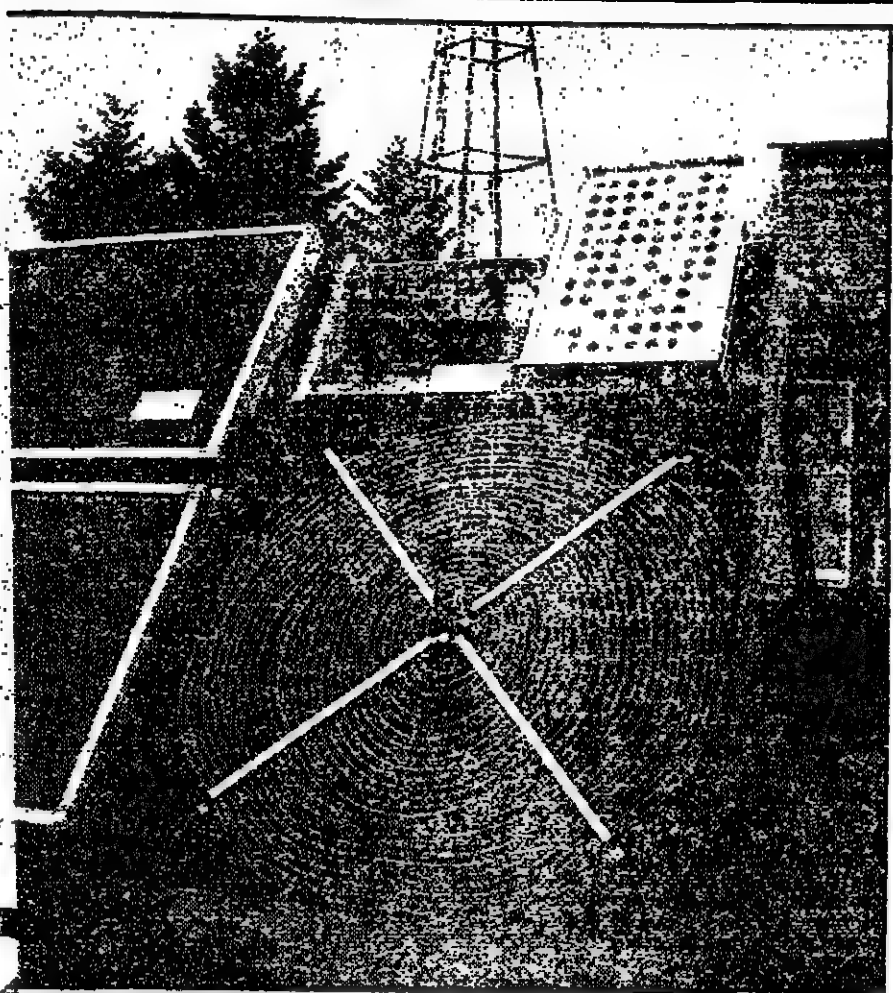


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A variety of solar water-heating panels can be seen at the Alternative Energy Centre. The sun's radiation passes through glass and is absorbed by the black surface. Circulating water then conducts the heat to a well-insulated tank. The basic principle applies to the curved length of hose.

Gas

Pipeline from North Sea planned

Seven years ago a report commissioned by the Department of Energy concluded that a pipeline system to transport gas from the North Sea to the north, have already begun to decline. The large Leman and Indefatigable fields are both expected to begin their long, slow decline in 1984-85. Deliveries are being made up by gas bought from the Norwegian northern Frigg field at an average price of 12.5p per therm against an estimated 5.2p average paid for British gas, which is only a fifth of the thermal equivalent cost of oil. Frigg deliveries are accounting for about 30 per cent of United Kingdom supplies.

British Gas is confident that more gas can be developed from British fields already found, and that there are many more fields to be made. It is offering much higher prices for new finds, and the oil industry is showing new interest in exploration. With Norway, Qatar, Algeria and Nigeria all trying to get prices for their future gas exports at a premium to oil companies can see a change from a buyers' to a sellers' market. Unless British Gas is prepared to pay the oil equivalent price or something like it, their effort is likely to be directed outside the British sector.

Meeting average demand is not the only problem. Variations in the United Kingdom's demand from summer to winter are marked. The average of about 5,000 million cu ft a day compares with a peak of 9,200 million cu ft, which may rise to 12,500 million cu ft in the next few years.

The southern fields have been used to meet these sharp swings in demand, and consequently pipelines have had an average usage of less than 50 per cent. Frigg deliveries, however, coming from farther offshore than the southern basin and from a more costly development, average 80 per cent of capacity, and when associated gas begins to be delivered from the Brent oil field, the pipeline could be used at an average 90 per cent of its full load. A new gathering system to link fields not covered by the Frigg system would also have to be used very close to full capacity if a reasonable return were to be obtained.

To meet the seasonal variations, British Gas has been offering higher prices to southern basin operators to install extra compressors

N. H.

Cheap energy is a thing of the past. So here's some advice for the future.

For several years now domestic gas consumers have enjoyed something of a bargain. In a decade of soaring inflation, the price of gas in real terms has fallen by about a third. The promise of North Sea gas has been and will continue to be fulfilled.

But, as announced in January, our customers are going to have to pay more for their gas in future. The price will go up by an average of 17 per cent from April 1 and further increases will follow this year and in the next two years.

Gas will remain a good buy compared with other forms of energy for the foreseeable future, even though the age of cheap fuel and power has gone for ever.

Fortunately, however, most people can do quite a lot to protect the family budget against the effects of these inevitable price increases.

Here are some simple ideas which will help you save gas—and save money into the bargain—and some ways to spread the cost of your gas more evenly over the year.

MONEY SAVING TIPS...

...AND HOW WE CAN HELP

Stop Obvious Heat Losses and Wastage

- * Keep doors and windows shut.
- * Keep curtains drawn where possible.
- * Turn heating off in rooms not in use.
- * Use weatherstripping to stop draughts round doors and windows.
- * Don't waste hot water.
- * Dress sensibly—don't sit in your shirtsleeves with the heating on full blast when a sweater would keep you just as warm.
- * Make sure your hot water cylinder's properly lagged with a thick, snug-fitting jacket.

Use Your Central Heating Controls Sensibly

- * Turn your thermostat down a degree or two. The chances are you'll hardly notice the difference—but you'll be saving money. (Where there are elderly people or young babies, special care should be taken in making temperature reductions.)
- * Use your time clock properly—there's no sense in heating the house when there's no one home.

Insulate Your Loft

- * If your loft isn't insulated, you could be losing up to a quarter of your heat straight through the roof.
- * Insulation doesn't cost the earth—and you may even qualify for a local authority grant.

Have All Your Gas Appliances Serviced Regularly

- * Keeping your gas appliances in top working order can help them to work more efficiently.

Energy Conservation Advice and Materials

- * Gas showrooms have free leaflets giving more detailed advice on how you can avoid wasting gas in your home. We also have Energy Advice Centres, where you can obtain information and buy insulation materials and up-to-date energy saving controls for your central heating.

We Can Help To Spread The Cost

- * Ask at your gas showroom for details of our Easy Payments schemes, which include special Gas Savings Stamps and Budget Billing methods which allow you to pay a regular amount each month.

In Cases of Real Hardship

- * If you face genuine hardship over the payment of your gas bills, you should get a copy of the Code of Practice on the payment of bills—it's available at your gas showroom. It tells you what to do and how you may be able to obtain help if you are in genuine need of assistance.

BRITISH GAS

Don't waste your energy

Leading British marine engine was 'a way of life' for many shipowners

End of the Doxford success story

The death of the Doxford marine engine, overshadowed by British Shipbuilders last week, marks the end of an era for shipowners and marine engineers. Will it also be a tragically unnecessary event, which British engineering and the north-east coast in particular will one day bitterly regret?

The Doxford is Britain's only large slow-speed ship's engine at a time when the superiority of the oil engine over the steam turbine on grounds of fuel economy against rapidly rising bunker costs has reached the point at which owners are spending millions tearing turbines out of existing ships to replace them with diesels.

Not only is the Doxford an economical engine, it is the best of any at burning low-grade fuels, a quality which also is becoming steadily more valuable. Shipowners like it because it is simple, easy to maintain and free of vibration.

"The way things are going, the Doxford ought to be a winner," one marine engineer said yesterday. "The Doxford was a way of life for many shipowners", another said. "It is most unfortunate".

third one commented and "It is a bloody tragedy", a fourth one said. Why then are British Shipbuilders closing Doxford? The short answer is that no one is buying them, after what BS describe as an intensive worldwide sales effort over the past year.

"It is all very well talking about the future," a BS spokesman said yesterday, "but this is a business that is not viable in the short term rather than the long term, and we have tight financial restraints that force us to reduce losses".

To be fair, the troubles of the Doxford go back long before nationalization. "It is another of those cases of an engine builder being controlled by a shipyard", one engineer said yesterday.

"The yard is interested only in engines for its own ships. Profits are ploughed back into the shipyard rather than the engine works. Compared with other British works, Doxford has been starved of funds for years."

It looks like the classic British tale of decline and fall—even to the Doxford's designer, (long retired), an impish, irascible man in the true tradition of the quirky British inventor.

He retained faith in the opposed-piston

valveless design with the P-type (after Percy) and the J-type (after Jackson) through the Fifties and early Sixties when no one else was building anything like it, and that faith was justified with a 25-30 per cent market share and 25 licensees around the world.

When, in the late Sixties, owners wanted more powerful engines for ever-bigger ships Doxford had difficulty getting above 20,000 shp when rivals were producing 30-40,000. The big, extended crankshaft peculiar to the opposed-piston design suffered too much stress. Power requirements are falling again now though, with rising fuel costs; another factor working in the Doxford's favour.

But after years of neglect the licensees have all fallen away, the volume is not there, and British Shipbuilders say they have not the funds.

It will be interesting to see what Mr Robert Atkinson makes of it if he takes over at BS in the summer. As managing director at Doxford briefly in the Sixties he tried to stop the rot, but lacked either the time or the influence or both.

Is it too late?

Michael Bailey

LETTERS TO THE EDITOR

State support for rail pensions

From Mr A. G. Kenridge and Mr W. Gowen

Sir, The Transport Bill will be considered by the House of Lords shortly and I should like to draw your attention to the deep concern felt by railwaymen about the pensions clauses.

Government support for the railway pension funds is a well-established principle and arises because of the financial arrangements which were made in past years. The support extends only to certain "historic pensions", the pensions now being earned in the modern railway pension funds do not qualify for support.

The problem is that the Transport Bill adopts a rigid system of support based on a "once and for all" assessment before the end of 1981. This

assessment will have to be based on a number of assumptions regarding inflation, investment returns and the like over many years in the future and in practice the assumptions are almost bound to turn out incorrect.

The result is that either too much Government support will be provided or too little. If there is too much support, then the pensioners will receive unnecessary extra pensions at the taxpayers' expense.

If there is too little support, the cost will fall on the railwaymen, but if they are unable to meet it, then it is not clear where the money would come from.

We feel that it would be preferable to have an adjustable system of support so that the Government will meet the

cost (but no more than the cost of the "historic pensions" concerned).

We believe that this would have advantages for everyone concerned—the taxpayer, the Government, the Railway Board and the fund member and pensioners. We therefore very much hope that there will be second thoughts about the Bill.

Yours faithfully,

A. G. KENRIDGE,

Chairman,

British Railways Superannuation Fund.

W. GOWEN,

Chairman of Members

Committee, British Railways Superannuation Fund.

Euston Square,

London NW1 2NU.

Computer information

From Dr A. J. Barrett

Sir, Those of us engaged in the transfer of technology and the application of knowledge will do well to take note of Mr William Norris' exhortation to "address society's major needs" (Kenneth Owen's article of April 11). One might have expected, however, that he would have tempered his enthusiasm for the power of large computer-based information systems by making some reference to the quality of the information which they will contain. Without this qualification such systems will fail to be technologically, and still less socially, acceptable.

Information of indefinite quality is already available in abundance and the layman is becoming aware that information "as such" has only a limited value. For example, the broadcast media increasingly show us experts, each well intentioned but each with a different interpretation of current knowledge or, to use modern jargon, "working from a different data base". This only adds to the difficulties of finding solutions to our problems. Society's reaction will increasingly be to discount, out of hand, the so-called "experts"—or possessors of information—unless some discipline is applied alongside Mr Norris' enthusiasm, the same

fatal lies in store for computer systems and the information they contain.

Computer systems already exist which misinform because insufficient attention was given to the information before it was stored. Some obvious process of data information, because their masters are unaware that the best information is often ephemeral. If information is recalled from computer systems it is to be useful and, more importantly, acceptable to the society whose needs it is intended to serve, then the information stored must be carefully refined, evaluated and validated by a consensus of opinion of those competent to make the necessary judgements.

The processes by which this can be done are yet in their infancy and not widely disseminated. One can but hope that the need for the application of these processes will be accepted by trend leaders such as Mr Norris. Otherwise he may only lead us to the information band of Sioux Indians should their state of health ever be diagnosed by a computer system other than the one he has already provided.

Yours faithfully,

ANTHONY J. BARRETT,

Chairman & Chief Executive,

Engineering Sciences

Data Unit Ltd,

251-259 Regent Street,

London W1R 7AD.

Fair play for car parkers

From Mr R. O. Howell

Sir, While agreeing wholeheartedly with much of Mr Blair's article on the problem of parking in your issue of April 12, perhaps I may refer you to a court report in *The Times* of May 2, 1966.

Miss Blair commented that the law would not condone the smearing of a seat with marmalade in reprisal against the driver of that car parked across your gateway. Mr Edward Rober, the Marlborough Street magistrate, felt that forcing open the quarterlight of a car parked across a defendant's garage entrance in order to

move it and, indeed, because he was "so annoyed and angry" spreading marmalade on the driver's seat, was justified and the summons dismissed.

This is not to say that I condone such an action since courtesy on the road should be everyone's motto—but just to put the record straight.

Yours faithfully,

R. O. HOWELL,

Secretary,

CVM (The Company of Veterans

Motorists),

1 East Grinstead House,

East Grinstead,

West Sussex RH19 1UF.

April 21.

Engine's end disastrous

From the Canon Emeritus of

Durham Cathedral.

Sir, On Friday, April 18, *The Times* gave some space to an article by your correspondent John Huxley, headed "British Shipbuilders seek more than aid". When I read the article

was somewhat sleepy, on "travelling from South Wales to London" I was wide awake at once as I read the fifth paragraph: "It is intended to end production of the Doxford engine on the Wear. North-east production will be concentrated on the Tyne at Wallsend, with Gateshead and Stirling Westport engines."

The Doxford engine has recently yielded highly satisfactory results, owing to the work of the research team. Now, after meticulous care, and some delay, it is an assured fact that the Doxford engine is capable of using appreciatively less fuel than any other marine engine in the world. This is a fact of amazingly great significance in view of the current energy problems, which we must all face. May I be allowed to ask you, Sir, why it should not be continued?

At the moment we are faced with ending production of the only British-designed engine, and replacing it with two engines of continental design?

I have known and admired the Doxford engine for 40 years. During the war years on the River Wear, we produced 775 per cent of the entire merchant shipping tonnage of the country. A large proportion of these ships was propelled by a Doxford engine. Research came perhaps somewhat late in time—now it has had highly successful results. One can only hope that the matter is not allowed to rest there. The ending of the Doxford engine would be a disaster of the first magnitude.

Yours faithfully,

GORDON HOPKINS,

Canon Emeritus of Durham

Cathedral, Prebends Gate

Cottage,

Quarry Heads Lane,

Durham, DH1 3DZ.

April 21.

Trusthouse Forte to build nine new hotels in £40m expansion scheme

By Derek Harris

Commercial Editor

Trusthouse Forte, Britain's largest hotel group, plans to build at least nine new hotels in its British Post House chain during the next three years. It will be spending up to £40m on building and an extensive refurbishing programme which is already under way.

This was announced yesterday by Mr Rocco Forte, deputy chief executive of Trusthouse Forte (THF), during a London conference on hotel development. If the economic climate improved more quickly than expected the building rate of new hotels could be increased, he added.

It was the first indication of major new hotel investment by British hotel groups since 1974, although some of the large American chains have expansion plans for the United Kingdom. Although many hoteliers are worried about indications that building costs are outstripping inflation, THF expects to build the new Post Houses, usually with around 100 rooms, at a

cost of between £25,000 and £30,000 a bedroom.

THF is also planning extensive expansion abroad, particularly in the United States where the only hotel directly under the THF banner is in New York, although THF owns the Travelodge franchised chain.

A hotel in Dallas, Texas, is due to open later this year and other projects are being negotiated in Los Angeles, New Orleans, Philadelphia, Tulsa, Little Rock, Washington DC and Houston.

THF will minimise its investment costs in the United States by operating the new luxury bracket hotels on long-term management contracts, taking only a 10 per cent equity stake itself.

Part of the group's thinking is to gain greater awareness there for the THF name, to help sell the British THF hotels to the United States tourist.

THF also hoped to expand on the Continent and in the Far East, Mr Forte said. THF's aim is to have around 15 to 20 hotels in the United States and

the same number in other countries.

The first of the new Post Houses is being built at Haydock Park and is due to be completed later this year. Three Post Houses are planned for the next financial year, despite the tourism decline so far this year, which is partly due to a drop in the number of American tourists.

A company which helped promote the conference gave warning that the tendency of some London local authorities to prevent new hotel building could lead to a shortage of London hotel bedrooms and deter overseas visitors from coming to Britain.

This was revealed in a survey by Horwath and Horwath, the management consultants who promoted the conference, together with the International Hotel Association. Mr Michael Montague, chairman of the English Tourist Board, called for low-cost "budget" hotels to be built on London's periphery along the new M25 motorway.

Co-op's retail market share falls

The Co-operative retail

societies' market share fell last year as their volume growth reached 12.4 per cent compared with an overall growth of 13 per cent.

But an analysis of first results shows an increase in market shares in the North of England and a fall in parts of the Mid-

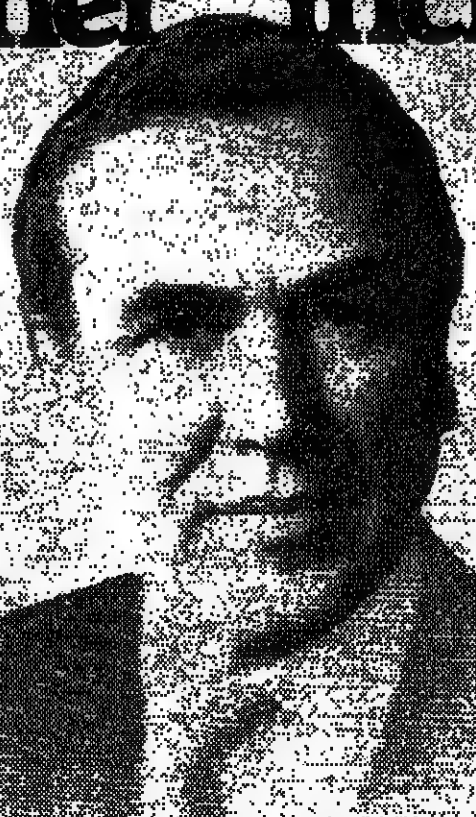
lands, the South and in Scotland, according to the Co-operative Union.

The retail societies' overall market share was nevertheless 7 per cent last year compared with earlier estimates of 6.7 per cent. The change is caused by a rebasing of Department of Trade statistics which appear to

have previously been underestimating the Co-operative share of the retail market.

On the new basis the Co-operative share fell to 7 per cent from 7.1 per cent in 1978 and 7.2 per cent the previous year. This declining trend is in line with earlier figures understating the market share.

'We have to ensure that investment in new plant keeps pace with research and technology, and productivity is further increased.'



In spite of difficult trading conditions pre-tax profits reached £12,741,000—a substantial recovery on the position at half-way.

Though housing starts fell, there was brisk demand for bricks in home improvement and refurbishment.

Overall output up 5%. Dividends up 15%.

More efficient brick handling and distribution through the LBC Strapak system.

Major redevelopment plan to replace, over 15 years, half fiction brick production capacity, almost one quarter of total UK brick production.

Turnover of LB Landfill and volume of landfill material trebled.

LBC Russian dairy herd now built up to 300 animals.

Continuing research into treatment of kiln gases.

LONDON BRICK

Bricks for homes, homes for people.

TOOTAL

Changes strengthen the Group for the future

Preliminary results for the year ended 31st January 1980

	1979/80 £ million	1978/79 £ million
SALES	390.4	401.4
PROFIT before taxation	14.6	21.1
EARNINGS on Ordinary Share Capital	9.2	13.4
EARNINGS per Ordinary Share	5.2p	7.6p
DIVIDENDS per Ordinary Share	3.1415p	3.0415p

Trading conditions particularly affected parts of our U.K. textile activities and major restructuring and changes in marketing policy have been initiated; the costs of these, and the closures consequent upon them, have been borne in the year's accounts, whilst the full benefits will not be felt until 1981/82.

The major disappointment has been in North America where the results of Ups 'n Downs, the retail business acquired last year, proved unsatisfactory, particularly in its menswear shops, but corrective action is beginning to yield results.

The outcome was also affected by the further strengthening of sterling which reduced the profitability of exports, increased the competitiveness of imports and reduced the sterling equivalent of profits of overseas companies. At the same time, the substantial increases in interest rates in many parts of the world, especially the U.K. and North America, have led to the much higher interest charge.

The Board is confident that the further development of the more profitable areas will strengthen the Group for the future and provide a firm base on which we can build. Therefore, although the current year is doubtless going to be difficult for the whole of industry, the Board feels justified in recommending the maintenance of the final dividend at the same rate as last year.

The Report and Accounts will be posted to shareholders on 30th May 1980 and the Annual General Meeting will be held in Manchester on 25th June 1980.

Tootal Limited, 56 Oxford Street, Manchester M60 1HF

BY THE FINANCIAL EDITOR

Dunlop's depressing decade

The tenth anniversary of the Pirelli union is turned into a wake for Dunlop where 1979 profits are at their lowest point since a link-up was heralded as the shape of things to come for European mergers. For a third year in a row profits have fallen sharply, and with none of the usual seasonal windfall from operating profits, Dunlop's performance is marginally lower at 54.4m. But with a fall in associate profits, chiefly in the Pirelli companies in South America, and a £13m jump to 54.7m in ancillary charges pre-tax profits slumped per cent to £29m. Worse still European sales are ungroupable for tax purposes shing up the tax charge to 97 per cent, 1 leave shareholders without a brass button at the attributable level, after £13m 1979 before the £18m cost of Speke's sure.

There is no shortage of explanations for grim outcome—sterling's strength has exports, interest charges are higher. The strikes have cost the group £10m. But main problem is still the European operations with United Kingdom losses from £8m to £11m and Dunlop is not expecting the improved world tyre supply to move into its favour until the end of 1980.

Once again it has been the overseas nations that have come to the rescue, turning up their operating contribution a £48m to £62m, to fill the hole left by a £16m fall to only £2m at home. Tighter controls have cut working capital by 6m, but combined with unchanged capitalizing of £54m has left gearing unaltered at 75 per cent of shareholders' equity despite a £31m cash outflow during year.

Use of Fraser to run the company?

ag put paid to Graham Ferguson's ambitions last month Lorho has led to direct some aggression at its single portfolio investment, House Fraser, Lorho holds nearly 30 per cent of the equity and its chairman, Mr. Rowland, is on the board of the parent stores group. But there is no love lost between the two when it comes to moves to get Fraser's final dividend ased from 5.7p a share gross to 8.5p. Lorho case is that it is acting on a principle in trying to get a special dividend to this effect before Fraser's meeting next month; it simply feels Fraser could pay more given the conditions during the years of dividend int, and that Fraser's dividend cover times (on an historic cost basis) could be reduced to 1.87 times without tip.

er stocks in the sector suggest that so: Debenhams dividend for instance red 1.6 times. However, Fraser, which increased its final dividend despite trading year, will no doubt argue rudence is necessary in the face of the pressures on high street spending will develop as the recession wears

Lorho does get its resolution before seeing then it will need a 75 per cent in favour to win the day. Fraser shareholders are being asked to decide who the company—Lorho or the Fraser. At the end of the day it is as simple as

ers
lding
round

dering the problems of the engineering Vickers has done better than and figures indicate. True, profits are from £11.7m to £7.3m, largely because of interest charges and poor performance of the office engineering and Australia

lian companies, but Vickers scorching rumours of a dividend cut by maintaining the payment and the shares gained 5p. The United Kingdom engineering side has been resilient enough to raise trading profits in spite of the engineering and transport strikes. This shows that rationalization measures are now showing through, though any real growth in lithographics will have to await the increase in capacity now in train. Finally total borrowings are only slightly up.

For the future the sale of the reprographic interests will add £40m to cash resources and then, eventually, there will be compensation for the nationalized shipbuilding and aerospace interests.

This could be worth perhaps 200p to 300p a share. At 120p the shares are on a fully taxed P/E ratio of 15 and yield 11.5 per cent.

Grattan Another overhaul

Grattan's predicament was well leaked: even so the official news of a profits plunge from £11.28m to £4.45m and a maintained dividend of 8.99p gross is even grimmer than it looks.

First, Grattan has failed to find other concerns willing to partner it, or take it under their wings. Second, it is now to undergo a second management overhaul within months of the first, and has still not found a new finance director to pilot it. Third, the figures are bad.

Breakneck sales expansion which has given Grattan 11 per cent of the mail order market also brought it overdrafts of £18m and a £15m five-year loan at one per cent over interbank to set against shareholders' funds of £53m. So interest charges last year ballooned from £646,000 to £3,70m and only an addition to pretax profits of £1,97m reflecting a change in accounting practice for VAT, stopped pretax profits from falling below the stated £4.45m.

Grattan, after making no money in the second half of last year could well do the same again in the first half of this, as higher postal and interest charges bite. The second half could be different if computerizing and streamlining get a following wind from recovering demand and cheaper money.

Meanwhile, the 12.8 per cent yield is not much bigger than on Debenhams or Woolworth, simply a lot more risky, until Grattan's management can prove that it can come to terms with the company's fundamental difficulties. The shares are 70p.

Tootal Coping with rationalization

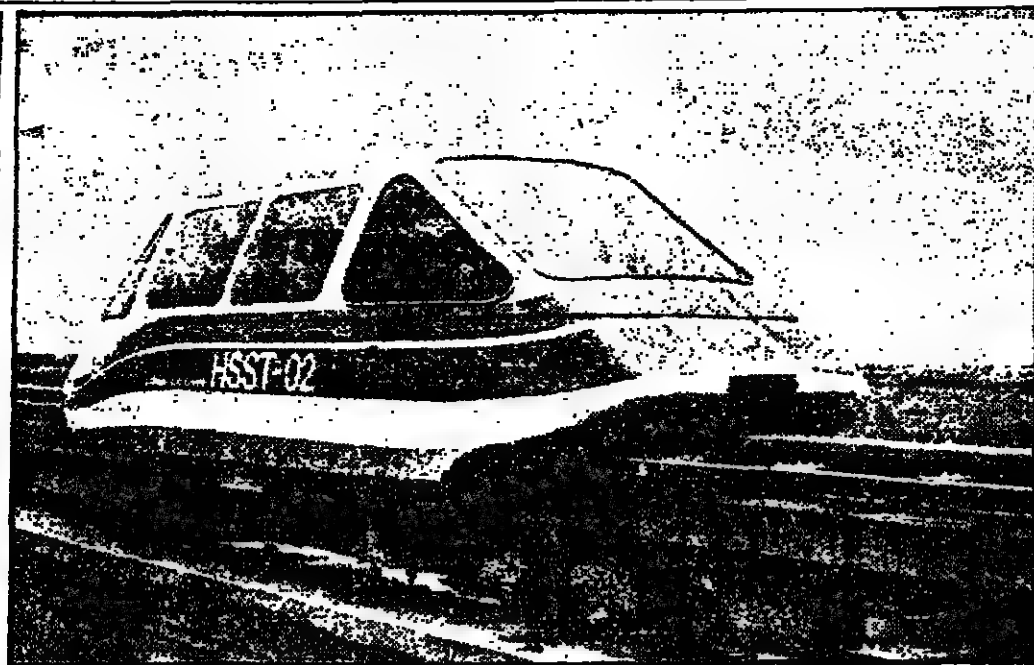
Tootal has coped well with the upheavals of the past and current year, costing some £8m in reorganization and closure costs taken below the line, though the sale of the Van Allan retail chain—released £16.5m—£7.3m over book value—has taken care of most of this.

So despite the 30 per cent fall in pretax profits to £14.6m and a £6.6m fall in retentions to £2.8m, Tootal ended the year to January 31 with net borrowings £10m lower at £55m and only a small drop in net worth to £125m.

Now Tootal has to cope physically with the rationalization which involves concentrating garment manufacture, and spinning on fewer sites and sorting out some of its textile activities. In the United Kingdom 3,000 jobs are going and most of these fall in the 1980-81 financial year this at a time when the textile cycle is reaching its nadir.

Tootal made virtually no profit in the final quarter of 1979-80 when retailer de-stocking began in earnest. With interest rates still high and, sterling strong the first half may be awful; depending on better final quarter trading conditions, full year profits might show a small improvement.

Current cost profits of only £500,000 included £5m losses from units being closed. By 1981-82 as rationalization pays off, Tootal is confident the dividend—up by 2 per cent gross—will be covered by current cost earnings. With the mostly healthy overseas operations providing nearly two-thirds of profits, a 16.9 per cent yield at 26p is attractive, enough to stay with the shares, but there is no hurry to buy.



The second prototype HSST train on a test run.

Technology

Levitation: answer to a Japanese transport problem

Peter Hill

Kawasaki, Japan
From a somewhat makeshift (by Japanese standards) test centre reminiscent of those British firms which sought to illustrate the country's wartime inventive genius, Mr. Shintaro Nakamura and a team of development engineers from Japan Air Lines have been working on a remarkable vehicle.

It is the high speed surface transport (HSST) now going through its paces on a piece of reclaimed land a few miles from the centre of this bustling industrial city. It is the team's answer to the problem of drastically cutting travel times over land.

JAL initiated the research and development work on the HSST nine years ago. It used as a starting point work done in France and West Germany on a linear motor propelled electromagnetic levitation system. The development work has been reaching the point where more than 2,500 passengers have experienced a flight "at an altitude of 10 millimetres on HSST-02, operated by magnetic levitation with linear motor propulsion," as the JAL boarding card says.

The first unmanned test vehicle reached a speed of about 192 miles an hour more than two years ago and was quickly followed by the manned version which is able to carry a "passenger" and eight passengers. In its development work JAL has adopted an aircraft engineering approach to the concept with the operational prototype vehicle's lines resembling that of a foreshortened DC8 aircraft. Levitation is produced by magnetic attraction.

Magnets fixed on the side of the fuselage are drawn upward toward the anchor rails mounted on a track, producing the lift that raises the vehicle above the rail. Propulsion is through a linear induction motor which operates on the same principle as the conventional rotary electric motor, but is operated up into a flat shape.

Underlying the development was the desire to provide an effective and efficient method of ferrying passengers between Tokyo's new Narita international airport and the city centre—a distance of about 41 miles. It was calculated that travel could be whisked between Tokyo and the airport in a remarkable 14 minutes.

That dream has yet to be fulfilled. Though the vehicle's low noise level, clean operation and low energy consumption are themselves an attraction, the entire project is now in some

doubt. However, JAL is going ahead with designs for a third pre-production prototype which, if all goes well, will require the construction of a new test track of 15 kilometres at a cost estimated at 25,000m yen (about £45m).

One of the factors influencing the Japanese transport ministry's reluctance to commit itself wholeheartedly to the JAL project is the work being done by engineers of Japan National Railways, which has followed similar lines and has been carried out over a much longer period.

The railway engineers started work on their magnetically levitated motor car in 1962 and the diligence paid off shortly before last Christmas when their prototype established a new world speed record for a rail vehicle of about 323 miles an hour.

Earlier this year work began on the design and development of a passenger carrying prototype, testing of which should begin this autumn. The full programme of development testing is estimated to last three to four years.

The Japanese railways test version flies along the rail at a height of 10 centimetres above the track on a magnetic cushion created by the force of repulsion between two magnets. So far the railways have poured in an estimated 23,000 yen and a further 100,000 yen will be needed before the project reaches the point of being commercial.

JAL refuses to say officially how much has been spent on its HSST project, but it has received some aid from the government. Last year the transport ministry agreed to provide a further sum. That has now been carried over into the new financial year and will be paid only on condition that the airline agrees to form a research and development corporation—outside its own operations—which will embrace steel makers, electrical machinery companies and other major industrial concerns.

It appears that there is a fair amount of political infighting between the airline and the officials of the transport ministry, but the hope and expectation is that the present difficulties will be settled within the next few months.

Policies that hindered the car makers

Is Sir Michael Edwards, chairman of BL, about to achieve a long sought after period of labour relations stability or is he facing continued disruption in his group?

If the former, he will be praised for his tough, no-nonsense tactics in breaking down union and worker opposition. If the latter, public opinion will turn once more against what it sees as the idle, strike-prone and suicidal British car workers.

The public has become used to seeing the motor industry—and BL in particular—portrayed in such black and white terms—that management versus an anarchic workforce. But the truth, of course, is that the British motor industry's record of chronically bad industrial relations is a symptom not the cause of a declining industry, one which has been the object of decades of government tinkering and interference.

Over the last 35 years successive administrations have formulated policies in the pursuit of social, economic and political ends that have at best contributed to the industry's frustrations and may have helped to bring it to the brink of extinction.

This thesis is supported by Peter Dunnett, assistant professor of economics at Royal Roads Military College and the University of Victoria, Canada. In his book on United Kingdom policy towards the motor industry published this week he says: "Overall, government policy dealing with the United Kingdom motor industry between 1945 and 1979 was a failure."

More specifically, he argues that many factors have contributed to bad labour relations in the industry over many years, most of them government-inspired. Government policies aimed at increasing exports, regional balance, labour reform, incomes control and so on have all contributed to poor labour relations.

Similarly if one looks for the causes of poor product ranges, dated designs, obsolete capital, unsatisfactory management and all the other problems of the industry, government policy is frequently a factor at some time in the past and frequently, as in labour relations, an important factor.

The history of the United Kingdom car industry since the end of the Second World War is punctuated with a series of attempts by governments to stimulate it, restrict its reform or use it as an economic regulator. Because it is a huge consumer of capital and labour and is an international industry producing goods that everybody wants, it has been an ideal tool for governments in shaping economic strategy.

Sadly, Mr. Dunnett says, much of the influence exerted on the industry by politicians was undesirable. From the introduc-

tion of ambitious export quotas in 1946 to the end of the social contract in 1979 many unfavourable policies were introduced.

Stop-go demand management policies improved the country's balance of payments and forced more cars into the export markets, but also "reduced industry profits, worsened labour relations, emphasized the short-run basis of exports and, for the long run, weakened the motor industry and made it less competitive internationally."

Regional policy, introduced in 1959, was another Whitehall idea that did no good to the motor industry. "By forcing a geographical dispersion of an already too fragmented industry, efficiency and international competitiveness suffered."

At the same time "an unsuitable and fractious labour cohort" arrived on the motor industry scene intent, in many people's minds, on exploiting car factory unrest and disaffection for political ends.

"Failure to reform labour relations successfully (instead, reform aggravated labour relations) had a negative consequence," Mr. Dunnett says. The turning point for the United Kingdom motor industry, he says, was the early 1970s. British cars were no longer internationally competitive, the Japanese were expanding their industry rapidly and imports into the United Kingdom were rising fast.

"By 1973 the balance of trade in cars, which for so many years had shown a healthy surplus was just about in balance. The long-term consequences of a quarter of a century's use of the United Kingdom motor industry as an economic regulator had finally come home."

There followed the two political dramas of the decade, which affected the motor industry. First came the ill-fated Ryder Plan for British Leyland and then the rescue of Chrysler (UK) by a reluctant government intent on political expediency and saving jobs rather than long-term economic sense.

With the motor industry now less important, Mr. Dunnett foresees a lessening of government involvement. But he predicts that as machines begin to replace men in the car assembly operation and as the United Kingdom's share of world markets continues to decline, that there will be an inevitable contraction of the workforce. The result—a grim prospect for an industry which has had a generation of instability—is that bad labour relations will remain as a plague in the nation's car factories.

Edward Townsend

"The Decline of the British Motor Industry," by Peter J. S. Dunnett; Croom Helm, £10.95.



Interim Statement

The Directors have pleasure in presenting an Interim Report for the six months ended 31st December, 1979 (unaudited).

Six months to:	31st Dec., 1979	31st Dec., 1978
Sales	£7,000	£7,000
Profit before tax	7,783	5,942
Taxation	1,516	737
Profit after taxation	37	38
Interim Dividend	1,478	699
Earnings per Share	107	78
	(6.9p)	(3.3p)

Profits at the interim stage have more than doubled and the Directors have declared a Dividend of 0.5p per share, an effective increase of 37% after adjustment for the capitalisation issue in November 1979.

A consistent pattern of prime property development, in part forward sold, has now been established in diversified and sizeable schemes involving commercial, retail and industrial projects.

These developments, together with a significant contribution from our Housing Division, will substantially reflect through in the current and future trading profits.

It is anticipated that the full year's profits will be in the region of £3m, adding substantially to shareholders' funds and enabling further expansion whilst maintaining reasonable gearing.

M. P. Kent (Chairman)

M. P. KENT LIMITED Property Developments

Northcliffe House, Colston Avenue, Bristol.
Telephone (0872) 213127.

Business Diary: Expatriates in the desert

Dhanna, Arab Emirates, Thursday
A refrigerated against today sun, the car sat idly in the shade like an interminable of sand dunes and the British radio station sed that it was time for nedy spot.

the British ambassador shouring Saudi getting searching orders. "Iaing diplomatically, if the right word, towards and the Gulf, which few hundred yards away led with what seemed all the world's navies on vres, that may sound to a stirring example of axon pluck.

perhaps it was. At any comedy spot turned be a scratchy Flinders and recording of some-alied in the Desert. British community in the some 17,000 strong, by largest of the middle foreign nationalities have chosen to land in il-rich brotherhood of loms, though one should at that the Indian and nkan immigrants, who to come of life turning, ver the natives almost one.

British "experts" one es, are the only section UAE community to o Flinders and Swann. I up in Abu Dhabi, I up in conversation. questions about the of Hormuz, which, as all dlish newspaper readers s the most sensitive spot globe, about events in bout the royal house of hich, if BBC's Panorama



"You are mixing up D. H. Lawrence, Lady Chatterley and all that with T. E. Lawrence in my view the only Briton who really understood the Middle East and the Arabs."

is to be believed, is a house built upon sand, and about how the Americans are reputed to have developed a new mine to blockade Iran which, if unactivated, would sink without trace within a year. The expat target of these questions paused, took in our surroundings, an opulent open-air nightclub on the shores of the Gulf, and said with an exasperated expression: "It all seems pretty peaceful here." Next day the big American car arrived to take us on the three-hour drive to Jubal Dhanna, a journey through the most primitive of landscapes. Every quarter mile or so you see the rusting corpse of a car—usually a Mercedes or a Volvo. They remind one of the buffalo skulls by the side of wagon tracks in a hazy old western. The Straits of Hormuz,

through which most of the West's oil passes, are lost far to the south along with a less publicized threat to the peace of the Middle East, the islands off Iran's coastline which she holds in contention with Iraq. Besides the consular officials who see it their job to know such facts, the expat community remains aloof from these matters.

Towards Oman, the traffic becomes heavier, punctuated by heavy lorries carrying industrial loads. Of the cars that we see, none are British. Petrol at 45p a gallon does not breed economy and there is no reason why it should.

Jabal Dhanna, a growing petrochemical complex, looms above the horizon, pumping smoke into the washed water-colour sky. For some reason I love most dearly—alcohol is not banned although there are restrictions.

The British community penetrates the UAE in every direction. Even at the airport, United Kingdom passport holders receive preferential treatment. The British Ambassador has arrived for the opening of a new hotel; actually the hotel. He wants to speak to the local British community, something he feels he has not done for some time.

It's all very colonial, someone says. "It is a very tight community."

Another expat responds when I start the endless round of questions formulated in London: "It's the media—you would never hear about all this if it were not for the media."

It must be difficult to feel insecure in Abu Dhabi.

I find the British here more a puzzle than anybody else. Two advertisements out of the Gulf Times: "Complete modern railway layout, British steam landscaped baseboard, urgent sale"; and a marriage "to take place at the British Embassy, Dubai, on April 30." They should have been written in Surrey.

The English tend to be colonial in the purest sense, existing for each other, taking little interest in world affairs, hoping one day to return home with a handsome bank balance. Such hopes are usually in vain, except for the highly skilled people who would earn large fees anywhere in the world.

Abu Dhabi, for those who want to work in the Middle East is the plum posting. It has one great advantage over its neighbours, which the British love most dearly—alcohol is not banned although there are restrictions.

The guide books tell you a lot about places like the United Arab Emirates, but like most such publications they are selective with their advice.

It is, for example, common knowledge that taxi fares—taxi being one of the main forms of transport for Europeans here—have to be haggled over. What the guide books do not say is how to haggle.

For the record, there is no more humiliating experience than manfully to walk up to a taxi and name what seems like a well-over-the-odds price only to be laughed to scorn by the driver, who then points out the vehicle behind. When the second driver begins to adopt the same attitude the neophyte visitor may be forgiven for wondering whether he has somehow grasped the wrong end of the stick. The trick is: do not haggle outside the taxi—get in before you start arguing the toss.

At least I have not yet been subjected to the experience which a colleague of mine had in this fair land some years ago. Having paid handsomely and in advance for a hire car to take him round Abu Dhabi for the make for the airport where his plane was due to take off in a less than an hour. Not until some 20 minutes or so of hectic driving had elapsed did my colleague realize that the driver was taking him on a road which led into the desert, not towards the airport. And the world the driver kept intending was "A-K-S-H-E-E-S-T-I".

David Hewson

TOMATIN DISTILLERS

Proprietors of the largest Malt Whisky Distillery in Scotland

Mr. A.P. de Boer reports on 1979:

- Production of new whisky was maintained at 1978 level despite the adverse effects of outside strikes; but increased overheads resulted in a 4% reduction in pre-tax profit to £840,000.
- Exports increased 51% to £1,228,000.
- Total dividend increased by 10% to 5.36p per share.
- Group Reserves increased to over £3 million from £1.8 million announced last year.

Copies of the Report and Accounts may be obtained from The Secretary, Tomatin Distillers Company Limited, 34 Dover Street, London W1X 4HX.

FINANCIAL NEWS

Linfood Holdings Weeks £11.5m with rights issue

Philip Robinson
Cash and carry and super-
cash group Linfood Hold-
ings is asking shareholders to
take a rights issue to
raise £11.5m for the purchase
of a new warehouse and
the expansion of its
distribution network.
The terms, unveiled yester-
day, are one new ordinary share
for every four existing shares
at a price of 15p. The new
share will be offered at 18p.
In the announcement Linfood
shares dropped 8p to 134p,
leaving the discount at the
12p price to 12p and, and
the company on its
33.7 million shares at
m.
Linfood's last rights issue
five years ago when it
raised £1m. Since then
it has been on a fairly con-
stant acquisition trail, culmi-
nating in the £34m bid for
Wheatheaf Distribution and
Jing, in May 1978.
Over the past two years Lin-
food has spent £15m on expan-
ding its distribution network
mainly from the re-
lease of properties and the
purchase of new facilities.
The company's last rights
issue was for the purchase
of a warehouse and the
expansion of its distribution
network. The company is
now looking for more hyper-
markets to add to the
100 square feet operated by
Wheatheaf.
The major High
Street stores like Tesco, Asda
and Sainsbury, Linfood was
to develop the West
London District Centre which

Payout held as Amalg Power falls to £1.5m

By Our Financial Staff
Amalgamated Power Engi-
neering's profits fell from £6.7m
to £1.5m last year but the
group has maintained the total
dividend as a sign of confi-
dence, and the shares, already
discounting bad news, held
steady at 77p.
The directors said yesterday
that a strike at their Bedford
division and the loss of their
first-half earnings, and the
second-half loss, affected
the group's performance.
These "seriously" disrupted
output which was partly made
up in the final three months
of last year, but cost £2.5m in
lost profits.
Short term deposits of £2.8m
ended the year as borrowings
of £5.6m and the group's in-
terest charge rose from £10,000
to £1.7m. This brought trading
profit, already down by half,
to a pre-tax figure of 77 per cent
lower at £1.5m.
However, the directors said
that with current levels of out-
put and the state of the order
book, they feel optimistic for
the future and have recom-
mended a 4.4p gross final giving
an unchanged total for the year
at 8.8p.

International Thomson profits up

By Our Financial Staff
Profits of International
Thomson Organisation, the
Toronto-based parent company
of Times Newspapers Ltd, rose
from £136.7m before tax in
1978 to £165.2m last year,
despite a sharp increase in the
losses from United Kingdom
national newspapers because of
the costs of the closure of
The Times and The Sunday
Times.
Losses on the United King-
dom national newspapers in-
creased from £1.3m in 1978 to
£39.3m last year, on sales
reduced from £66.3m to £13.1m.
However, these losses were
very largely offset by an in-
crease in the profits from
Thomson's oil and gas opera-
tions, which rose from £7.5m
to £103m, after the payment of
petroleum revenue tax (which
was more than doubled at
£73.3m as against £32.4m).
The travel side also did well,
with profits increasing from
£17.3m to £21.2m, on sales up
by about a third from £152.1m
to £205.5m.
The United Kingdom regional
newspapers showed a marginal
improvement, with profits up
from £13m to £13.7m, but there
was a setback in publishing,
where profits fell from £7.2m
to £2.5m.
In all, profits after deduction
of petroleum revenue tax, but
before other taxes and interest
charges, declined from £114.1m
to £58.7m.
After crediting £4m for taxes
provided for in previous years,
and now no longer required, the
main tax charge has declined
from £38.5m to £48.5m. Attri-
butable earnings, in conse-
quence, amount to £41.4m, as
against £44.1m, equivalent to
29.7p (fully diluted) a share.
The directors, who declared
dividends equivalent to 5p
(7.14p gross) per common share
during 1979, have now declared
a dividend of 2.55p (3.64p gross)
a share to be paid on July 15.
A dividend equivalent to 10.5p
per convertible share was paid
last year, and another of 5.25p
per convertible share has now
been declared. The ordinary
dividends will absorb £2.6m in
all, and the convertible divi-
dends £16.6m.
Mr Michael Brown, formerly
finance director of Thomson
British Holdings (the principal
United Kingdom subsidiary of
International Thomson), has
been appointed a joint deputy
managing director of the com-
pany, together with board mem-
ber Mr James Evans. Mr
Gordon Brunton remains manag-
ing director and chief executive.

European accountancy federation formed

By Adrienne Gleeson
Two large European account-
ancy firms have joined the con-
tinental associates of Arthur
Young, McLellan Moores to
form (with Arthur Young's
offices on the continent), a new
European federation of account-
ing firms to be known as AMSA.
The practices of the two addi-
tional firms to the European net-
work—Morris & Lippert/Mor-
ris Brinkman of The Nether-
lands, and Schitzig Schwab-
sche Treuhand of West
Germany—will be merged with
those of existing associates, so
that in most cases there will be
one prominent member firm
operating in each of the 15
countries in which AMSA is
represented.
Negotiations are in progress
for the addition of other promi-
nent national firms to the AMSA
network, but these will be
within countries where AMSA is
represented already.
The new federation will have
its headquarters in Amsterdam
and will begin operations on
July 1.
Members of AMSA will
employ some 5,500 people, and
will have total annual revenues
of more than \$225m.

Steady rise continues at Haden Carrier

By Peter Wilson-Smith
Haden Carrier increased pre-
tax profits by 38 per cent to
£3.78m in the year to December
31 and remains optimistic that
the steady improvement seen
in recent years can be main-
tained in 1980. Group turnover
rose by 7 per cent to £202m
in 1979.
The balance sheet has been
strengthened, and Haden has
taken out a new £7m medium-
term loan facility to allow
flexibility in the future, al-
though Haden has no specific
use for it at the moment.
Trading profits in 1979 from
the main United Kingdom mar-
ket were 12 per cent lower at
£3.5m, reflecting pressure on
margins, on a maintained level
of business in building ser-
vices activities.
In the United States, where
Haden produces metal finishing
and conveyor equipment for
the automotive industry, profits
also slipped from the excep-
tional level seen in 1978. But
1980 looks quite promising.
Up 10p at 117p, the shares
yield 12.2 per cent after a 13
per cent increase in the gross
dividend.

ationalization helps oover recovery

Richard Allen
The process of rationalization at
last year has turned a
loss of £1.1m into a profit of
£1.1m in the three months to
March 31.
However, the group con-
firmed yesterday that a sales
drop of £1m to £5m in the
first quarter of 1980, a "significant"
drop despite fairly
stable conditions in the
appliance market.
The figures coincided with
quarterly results from
the American parent,
which holds almost 71 per cent
of the group's shares, showing a 40
per cent rise in net profits to
£3.2m.
The Hoover of the
States rose 18 per cent
to £215m during the
months moves made by
the UK last year in a bid
to reverse a five-year profits
decline by almost 2,000 to
£11,000.
Year profits last time

Valter Lawrence Limited Preliminary Announcement

	18 months to 31st Dec. 1978	12 months to 30th June 1978
Turnover	75,081	39,841
Operating profit	3,138	1,496
Interest	823	365
Profit before taxation	2,215	1,131
Profit after taxation	1,489	562
Earnings per share—as stated	27.8p	—
Earnings per share—annualised	18.5p	10.1p
Dividends paid and proposed	10.5p	5.84p

*From 1979 accounts are prepared to 31st December each year

Record profits when 18-month figures converted
to annualised basis—despite significantly higher
interest charge.

Gross dividends increased by 15 per cent on
an annualised basis.

CONSTRUCTION • PROPERTY DEVELOPMENT
MANUFACTURING • ENGINEERING

Lawrence House, Sun Street, Sawbridgeworth,
Hertfordshire, CM21 1LX

Watmoughs (Holdings) Limited

Idle, Bradford, West Yorkshire BD10 8NL

Continued growth £1.5 million profit

for the year ended 31 December 1978

	1979	1978	Increase
Turnover	£13,065,229	£10,451,296	25%
Profit before tax	£1,504,257	£1,104,469	36%
Earnings per share	28.20p	21.54p	31%

1980 Outlook: Increased capacity available from
installation of new equipment. Three new magazine
contracts and additional mail order printing obtained.
Year of further progress expected.

Revue and litho printers Carton manufacturers

Anglo American Gold Investment Company Limited

(Incorporated in the Republic of South Africa)

Extracts from the review by the Chairman Mr. J. Ogilvie Thompson

Financial

Equity earnings rose by 83 per cent to £127.8 million for the year
ended February 28 1980 and dividends distributed more than
doubled to 525 cents a share. The value of investments rose to
£246 million as against £110.3 million. Both earnings and the
value of investments substantially exceeded any figures achieved
previously and it is worth noting that this is the first time that
Anglo's earnings have exceeded £100 million.

These results clearly reflect the greatly increased gold prices prevalent
during 1979.

The gold mines' working revenue from gold increased by 46.7 per
cent to £566.3 million, which also reflects the 3.3 per cent
average appreciation in the value of the rand in US dollar terms and a
drop of 0.2 per cent in gold production. While the total capacity of
the gold mining industry continued to expand in 1979 with an
increase of 6.9 per cent in ore milled, this was more than offset by a
7.5 per cent decrease in average grade, to 8.19 grams a ton, which
resulted in a marginal reduction of gold produced from 704.5 tons
to 702.8 tons. This trend is likely to continue as the higher gold prices
enable mines to turn to account lower-grade ore, thereby extending
their working lives.

The slower rate of increase in working costs per ton milled, which
had been a feature of the previous year, continued during 1979;
costs per ton rose 11.0 per cent compared with 13.7 per cent in
1978. This increase, coupled with the drop in grade and increased
tonnage milled, resulted in an increase in unit working costs of gold
of 20.4 per cent to R3 464 a kilogram or £128.29 an ounce. Working
profit rose by 78 per cent to R3 101 million.

Uranium profit, State assistance and sundry revenue resulted in
total profit of R3 537 million, compared with R2 073 million in 1978.
Capital expenditure on producing mines increased substantially by
54 per cent to R689 million. Profit after providing for capital ex-
penditure therefore amounted to R2 848 million as against R1 825
million in 1978. Taxation and State's share of profits almost doubled
to R1 703 million, leaving distributable profits of R1 145 million,
a 56 per cent increase on the 1978 figure of R688 million. Of this,
dividends declared absorbed R963 million, being 76 per cent
more than in the previous year.

Anglo's investment income rose by 80.0 per cent to R133.9
million from R74.4 million last year which included receipt of a third
dividend from Gold Fields of South Africa Limited amounting to
£1.2 million during that fourteen month period. Interest earned
increased from R0.8 million to R1.3 million but there was no under-
writing commission (1978: R0.2 million) and the surplus on
realisation of investments declined from R1.8 million to R0.1 million.
Administration, prospecting, interest and other charges fell from
R5.0 million to R4.7 million.

Pre-tax profit at R130.8 million was 81.6 per cent higher than last
year and there was no provision for taxation. After deduction of
preference dividends equity earnings were R127.9 million or
582.8 cents a share, of which R115.2 million, or 525 cents a share,
was distributed in the form of ordinary dividends. Retained earnings
amounted to R12.7 million compared with R14.9 million in 1979.

Gold

The spectacular rise in the gold price was virtually uninterrupted
between May 1979, when a short period of consolidation ended,
and January 1980. The London market price broke through \$300
in July and the \$400 level was attained at the beginning of October.
After a brief reaction, the \$500 barrier was quickly breached by
the end of 1979 and the price continued to rise in unprecedented fashion
to \$850 on January 21. It fell by more than \$208 in the following
few days and then fluctuated, at times widely, in the \$600 - \$700
range until early March. By then, however, the increase in interest
rates in the United States to levels beyond those anticipated as
necessary to curb excessive credit demand was sufficient to spur a
widespread movement from commodities to dollar financial assets,
despite continuing economic and other uncertainties. The gold
price fell subsequently to the \$500 level by March 14 and, in the
wake of President Carter's announcement on that day that fiscal
and other restrictive measures were to be introduced, declined to
reach \$474 on March 18 1980. It soon recovered, partly in reaction to
the announcement that South Africa would not have to sell its
entire gold production, and over the past few weeks has fluctuated
around \$500.

In considering the period to the end of February 1980, a remarkable
feature which has characterised the gold market since December
1978 is the fact that the price increase was expressed almost uni-
formly in other major currencies, as well as the dollar, with the price
in yen terms rising to the greatest extent. By contrast, in 1978, when
the dollar price rose strongly, the price in terms of Deutschmarks
increased only moderately and that in Swiss francs and Japanese
yen not at all.

These patterns reflect a fundamental change in the structure of the
market that had emerged by late 1978 and which had a profound
influence during the past year, namely, the growing propensity
for diversification, not only from dollar-denominated assets but also
paper currencies in general.

Overriding doubts about the United States' ability to subdue inflation
and the consequent effect that continued disarray in the world
monetary system would have on international money supplies, given
the already intractable political situation in the Middle East, imparted
a new momentum to this trend. More specifically, after some relative
stability in the gold price in the early months of 1978, associated to a
degree with a recovery of dollar strength, the inescapable implications
of the Opec oil price increases caused the gold price to regain its
upward momentum. Uncertainties, compounded by the renewed
weakness of the dollar, were allayed only temporarily by the Volcker
restrictive monetary package in October. Subsequent events in Iran,

and then Afghanistan, appeared to reinforce the conviction that gold
is the indisputable store of wealth in a precarious world situation.

In this environment speculative activity was bound to accelerate.
Indeed, in the United States the increased interest in gold last year
was expressed largely through the forward market and record
volumes in gold futures were recorded on the New York and Chicago
commodity exchanges. The extraordinary fluctuations in prices early
this year have been associated with similar marked variations in the
extent of open positions in these and in the Far Eastern markets,
whose activities have also broadened considerably.

These developments combined to influence the demand and supply
profile for gold in 1979. Preliminary indications are that the higher
prices had an appreciable effect on gold consumption in the form of
jewellery, particularly over the turn of the year, when a significant
amount of hoarding from the Middle East took place, and, to a
lesser extent on industrial usage. Net oftake of official coins rose by
10 per cent, the 18 per cent decline in Kruggerand sales from the
record six million coins in 1978 being more than offset by increased
sales of other coins, including the new Canadian Maple Leaf. Supplies
of bullion to the market in 1979 were approximately the same as in
the previous year. New production in the West rose slightly but the
most noticeable feature was a significant reduction in the sales of
Soviet gold; the balance was made up from the IMF and, in the
light of the reported reduction in the total demand for fabrication, it
has been estimated that net private purchases for investment and
speculative purposes probably more than doubled in 1978 to
approximate the 1974 level.

In assessing the outlook for the gold market in 1980, the impact of
fabrication demand of dollar and other prices, currently still far above
those prevailing throughout 1978, cannot be ignored. The sensitivity
of demand to high prices is readily apparent, but the relationship is
complex. When the price rose above \$400 last year, most experts
believed that the increase would have a definite impact on con-
sumption and that it would fall, but not by as much as it did in 1973
and 1974. Despite recent fluctuations, and especially in light of
recessionary prospects, this view cannot be disputed and implies
the need for corresponding gains in the investment area if supplies
at 1979 levels are to be absorbed at around current prices.

However, while investment and speculative demands are volatile,
the supply position cannot be taken for granted. The reduction in
gold sales to the open market from Communist sources is an intriguing
factor, the four-year programme of IMF auctions is nearly complete
and no US Treasury sales have been held since last November. The
debate now surrounding the possible role of gold in the proposed
Substitution Account, which is to be discussed in Hamburg by the
Interim Committee of the IMF on April 24, and other suggestions,
which include central bank intervention or a resumption of con-
vertibility for foreign officially-held dollar balances, confirm one
outstanding result of recent events: the re-emergence of gold as the
single most important component of international reserves.

It is not surprising that with this singular vested interest European
central banks should have resisted attempts last year to persuade
them to part with gold to dampen the price, or that prevailing attitudes
in the US government and at the IMF, although still ambivalent, are
considerably less negative than in past years. There can be no doubt
that gold has been effectively re-monetised; its role as a basis for
international debt settlement, financing of trade deficits, security for
official borrowing, expansion of the European Monetary System,
new IMF schemes and in the financing of Opec-induced payments
deficits has assumed noteworthy proportions. In the long term
therefore, the perceived advantages of gold as a politically neutral
and secure asset are bound to gain further ground.

Undoubtedly, the present situation is fluid, and there is no way of
predicting how long it will be before interest rates in the United States
reach a turning point or what course the IMF, the US government or
central banks generally will pursue insofar as their gold stocks are
concerned. Certainly, the US authorities have proclaimed their
intention of retaining flexibility in this regard as part of their anti-
inflationary policy. Nevertheless, the underlying strength of demand
is testimony to an awareness of the obstacles to restoring a proper
balance in the American economy, although President Carter's
recently announced package must be recognised as a major effort
in this direction. However, other factors include difficulties envisaged
in the required recycling of enlarged Opec surpluses, the economic
implications of higher defence spending in the West and potential
instability generally. I believe that there are sufficient interrelated and
compensating elements in the intricate equation of supply and
demand to ensure a relatively strong market for gold in the year ahead.

Mining operations

Commendable efforts have been made by mine managements in
containing the increase in working costs to 11 per cent, a ton
particularly as there has been a tendency in the past for working costs
to increase significantly following a sharp rise in the gold price. This
has not occurred in the year under review even though overall costs
of wages, materials and stores, including fuel and steel, increased
steadily.

It will however be difficult to maintain this lower level of increase in
the face of the projected rates of escalation of these items. Despite
the higher gold price, it remains of great importance in a country in
the grip of inflation to keep wage increases at a level which will not
add to the inflationary spiral. On the other hand, wages of black
employees, despite the considerable improvements made in the
1970s, remain substantially behind those being paid for similar jobs
in secondary industry and commerce. It is not defensible that mine
employees, particularly those working underground in a rich industry,
should lag behind other industrial workers and the least that must
happen is that the industry should continue, as it has done over the
past several years, to give greater percentage increases in wages to

its black workers than to its white employees. In fact there is a
powerful argument in the present circumstances of high gold prices,
for accelerating this process so that black wages are brought more
into line and the gap between white and black wages is closed more
rapidly with a view to achieving a unified wage curve, as several
other industries have done.

The shortage of skills in the mining industry and in the country
generally has been a matter of anxiety for some time and now that the
economy is showing distinct signs of growth it has become an
immediate problem. Inter alia, while difficult to quantify, it has already
made an impact on the costs of existing operations. It is estimated
that the current shortage of skilled officials and union employees in the
industry numbers some 1,040 people, of whom 400 are artisans
and 260 certificated miners. Furthermore, from past experience, it is
accepted that labour mobility increases in times of an economic
upturn. This does not augur well for the supply of skilled labour to
existing operations, let alone to new operations resulting from the
higher gold price.

Considerable expenditure on off- and on-the-job training programmes,
and the employment and stabilisation of a more sophisticated labour
force are areas receiving urgent attention. Such an effort can only
really be justified if undertaken within a labour structure which enables
all individuals to use their skills to maximum potential. Forward
planning of the development of the labour force is imperative in a new
environment where there will be equal opportunities, equal pay for
equal work of equal value, and the right to trade unionism for all.

In this regard the publication of the Wiehahn and Riekert reports on
industrial relations and labour mobility was a major development in
the South African labour field. The government adopted a cautious
attitude towards the Commissioners' recommendations particularly in
regard to the admission of blacks to mixed trade unions. Fortunately
there are indications that the government may move in this direction,
but a clearer indication of the timing of the implementation of all the
recommendations is necessary for the effective utilisation of human
resources. Fundamental to this are the remaining matters to be con-
sidered by the Wiehahn Commission which is devoting its next report
to the mining industry.

New developments and exploration

I mentioned in my last review that it had been many years since the
mining industry had seen as many as four new mines being developed
concurrently, those being Elandsrand, Deelkraal, Unisel and Beisa.
This trend has continued during the year with a number of announce-
ments on new and possible projects.

Union Corporation Limited announced in December that a drilling
programme on ground to the south of Beisa, held under option by its
subsidiary, Beatrix Mines Limited, had delineated a potential gold
mine of medium to low-grade ore.

Subject to negotiations with Western Ultra Deep Levels Limited, a
new shaft system is to be developed in the southern portion of the
Western Deep Levels' present lease area.

A preliminary feasibility study of the area west and south of The
South African Land & Exploration Company Limited's previous mine
workings, and centred on the old No. 5 shaft of Van Dyk Consolidated
Mines Limited, has delineated a potential gold mine area.

Doomfontein Gold Mining Company Limited has made application
for a new lease formula to incorporate the area to the south of its
present lease and the life of the mine could be significantly extended.
Progress on other new developments has been satisfactory.

The tempo of gold exploration was increased considerably during the
year and will escalate further in the coming year.

Conclusion

The very substantial increase in the gold price has given rise to further
examination of the expansion prospects of the industry. Even at prices
significantly below the current levels, possibilities exist for develop-
ment of orebodies which have not previously been viable and the
new stage of the development of the industry in South Africa, which
began with Elandsrand, Deelkraal, Unisel and Beisa, has continued
during the year with expansion at existing mines.

The increased gold price has not been met by an acceleration in the
rate of inflation in working costs. Clearly the challenge to the industry,
to maintain the strictest possible control over working costs, remains,
and is perhaps even stronger now, in the light of rising rates of
inflation worldwide, than it was a year ago.

It is against a background of inflation and of widespread political
uncertainties that the gold price must be viewed. Preliminary
estimates suggest that net tonnage purchased privately in 1979 was
about the same as in 1974, although this did not represent such a high
proportion of the demand for gold. The average gold price for the year
to date is \$621.94, and the price at the time of writing \$532.00, both
substantially higher than last year's average of \$307.14. The main-
tenance of this level of price is clearly dependent on future supplies,
the degree to which industrial demand proves sensitive to price and
on the continuation of the political and economic factors which lead
to investment and speculative demand. However, gold has again
established a monetary role and its position as a long term store of
wealth can rarely be more widely recognised.

Your company holds a portfolio of good quality gold and uranium
mine shares as well as participations in interesting new prospects and
I am confident that it will benefit from the expansion of production by
both existing and new producers.

The Annual General Meeting of this Company will be held in
Johannesburg, South Africa, on June 4, 1980. Copies of the annual
report may be obtained from the London Office at 40 Holborn Viaduct,
London EC1P 1AJ or from the office of the United Kingdom Transfer
Secretaries, Charter Consolidated Limited, P.O. Box 102, Charter
House, Park Street, Ashford, Kent TN24 8EQ.

FINANCIAL NEWS

Modest advance at Borg-Warner

By Michael Transport British sive and unless the to more a financial Peter Park his chair railways v by year in tant's ca doing the death was "The f Rail is t our financ short of bility" E meeting i improved "The I been bet financial be forced parding Sir Pe prompt pouse from the Minis said in a question that he Rail wou within i limits effective Euronear was no for taxps In a sener fecht made before year cor 1978. T tax, in charges compare £6.4m, £530m, £ for. The i Govern limit o kopes to it also)

Borg-Warner Corporation has reported a modest increase in earnings and sales for the first quarter of 1980.

Mr James F. Beré, the chairman, told the annual meeting in Chicago that first quarter earnings were \$35.9m or \$1.68 a share, compared with \$33.2m or \$1.65 a share, a year ago. Sales for the quarter were \$680m, up from \$631m a year ago.

Mr Beré said the company's increase in sales and earnings in the face of difficult market conditions was attributable to a strong improvement in its service-related businesses and continuing strength in chemicals and plastics.

"Borg-Warner has enjoyed 19 consecutive quarters of improved results," Mr Beré said. "Maintaining this string of improvements will be a difficult challenge, especially in the second quarter which last year was the strongest three-month period Borg-Warner ever had."

Downturn for Bell Canada

Bell Canada's unaudited consolidated earnings for the first quarter of 1980 were 35 cents a common share compared with 65 cents for the same period in 1979.

Non-consolidated earnings, those of the regulated telecommunications company, were 46 cents a common share, compared with 55 cents in 1979, the first quarter non-consolidated rate of return on average common equity was 9.84 per cent.

Non-consolidated revenues from Bell's telecommunications operations increased by only 7.7 per cent while operating expenses increased by 16.1 per cent.

Consolidated revenues for the quarter were \$1,384m, compared with \$1,223m last year.

International

Consolidated net income was \$393.7m, compared with \$310.5m in 1979.

The 1980 results do not reflect the 5 per cent surtax announced on April 21. A preliminary assessment of the effect of this surtax on the consolidated earnings indicates that taxes would increase by about \$35m or 2 cents a share.

Sohio income soars

Standard Oil of Ohio reported net income for the first quarter of 1980 of \$450.7m, an increase of 169 per cent on last year. Earnings a share jumped to \$3.67 from \$1.39.

As part of the planned \$1,000m capital expenditure during 1980, construction of two drilling rigs for exploration activities on the company's Seafloor Sea leases was started in the first quarter with drilling scheduled for the late fourth quarter.

Montefibre

Montefibre, a synthetic fibres subsidiary of Montedison of Italy, reduced losses in 1979 to \$5,500m (lire £43m) from \$9,200m (lire £74m) in 1978. Turnover rose to 323,500m lire from 243,800m.

The company is waiting for government approval for a 260,000m lire financial rescue plan.

Zapata profits up

Zapata Corp has reported net income of \$18.3m for the six months to March 31, up sharply from \$10.8m a year earlier.

The company reported net income per share of \$1.93, compared with \$1.19 in the 1979 period. Revenues were \$292m, against \$242m in 1979.

Sale of stores by Kitchen Queen

By Philip Robinson

Kitchen Queen, the furniture to carpets group whose chairman resigned earlier this year as it forecast a six-month loss, is trying to sell some of its 47 stores.

It is understood that the move is part of a rationalization plan by the new chairman Mr Len Morris, who took over from Mr Neville Johnson—the man who started the business, brought it to market 18 months ago and resigned mid-January selling a major slice of his shares.

Mr Morris was unavailable for comment last night, but it is believed he wants to prune some of the 44 stores which came when Kitchen Queen paid £2.1m for furniture group Knott Mill a year ago.

The company's new brokers, Pamure Gordon, have cancelled a seminar with KO's institutional shareholders, due to be held yesterday, because an accountants report on the company—where Price Waterhouse were appointed joint accountants at the end of February—was not ready.

A spokesman for the stockbrokers said: "We had planned to hold a meeting to tell the institutional shareholders exactly what the financial position of the company is. But the report is not ready yet. It should be finished in a couple of weeks."

The accountants' report should include the group's half time figures for the six months ending February.

According to the company's statement last January, there will be a group loss of £300,000. The Moben subsidiary, which Kitchen Queen bought in a £5m deal last November is expected to produce a £1.2m profit compared with a forecast made at the time of the acquisition of £1.5m for the whole year.

Losses on the group's manufacturing division in the first half have been estimated at £1.1m and on retailing at £400,000.

Smiths Industries' £5m bid

Smiths Industries is to pay £4.9m for Eco Mfg, an unlisted Australian company which makes and sells door furniture, such as locks, latches, handles, knobs and associated equipment to architects and to the building industry. It has a factory in Sydney, and distribution branches in all the major Australian states.

The assets of Eco as at June 30 were £1.5m. Profits for the period amounted to £1,006m on sales of £3.45m.

The purchase price will be satisfied partly in cash, and partly by the issue of 237 new ordinary shares of Smiths. These shares will not rank for the interim dividend for the year to August 2, 1980, of 3.7p. The ordinary shares have been placed on behalf of the vendors.

ENis & Holdstein slips to £1.65m

Turnover at ENis & Goldstein (Holdings) for the year to January 31 rose from £35.6m to £40.9m. Pre tax profits were just £1.65m against £1.82m. The dividend is 3.26p gross against 3.22p.

At present spring 1980 retail sales are ahead of last year, and will be assisted by the gradual reestablishment throughout the year of the shop-within-stores units in Debenhams. The autumn collections are being shown against the background of continuing inflation, high interest rates and understandable caution by our retail customers, board says.

The directors are to recommend that the 5p shares be written up to 15p shares.

Walter Lawrence reaches £2.2m

Taxable profits of Walter Lawrence, an industrial holding company, reached £2.2m over the 18 months to December 31, compared with £1.13m for the previous 12 months. This was achieved on turnover of £75m against £39.8m.

The board says that profits and turnover were ahead everywhere, except at Walaw Plant Hire, where a substantial loss was incurred. This company has been restructured, and an

improvement is expected. Annualised earnings a share are 18.5p against 18.1p, and the dividend is 15p against 8.89p gross.

British Asset Trust profits up £1m

British Assets Trust's income for the half year to March 31 rose to £3.8m from £2.7m a year earlier. Pretax profits were £1m higher at £2.94m. Earnings a share were 1.86p against 1.12p and net asset value a share was 91.1p compared with 100.1p.

As a result of an increase in the quarterly dividend, the total payout for the year will amount to 5.21p gross, against 4.43p gross the year before.

Hopkinson's Holdings

Because of an industrial dispute at a subsidiary, audited group accounts for Hopkinson's Holdings for the year to February 1 are not yet available.

However, the board expects that trading profit will not be significantly less than in 1979, although an increase in net interest payable will cause a further reduction at the pretax level.

The board has decided to pay a second interim dividend of 5.92p gross, making 8.07 gross. It is not expected that a final will be recommended.

Turner and Newall

Mr Stephen Gibbs, chairman of Turner and Newall, told the annual meeting that 1980 had started slightly better than 1979, although further action would have to be taken to reduce financing charges and restore adequate levels of United Kingdom profitability.

Noting that the company's position overseas was very much healthier, he said that the board felt sufficiently confident to consolidate the assets and earnings of the Zimbabwe subsidiaries into the group accounts this year.

Anchor Chemical moves ahead

Anchor Chemical reports a turnover for 1979 at £14.07m compared with £11.35m and pre-

tax profits up from £422,000 to £784,000. Tax took £248,000 against £178,000, leaving attributable profits of £492,000 against £259,000.

Earnings a share rose from 9p to 17.7p.

Shareholders are to collect a total dividend of 7.57p gross against 6.86p.

Mr H. K. Just, chairman, says that the group's organization should enable it to deal effectively with the forecast recession.

Pentland Industries tops £1m mark

Profits of Pentland Industries have exceeded £1m for the first time. The 1979 profit compares with £813,000 for 1978, and was achieved on turnover of £25.8m against £18.2m.

Earnings a share went up from 5.8p to 7.5p. The dividend is 1.8p against 1.26p gross.

The 27 per cent increase in trading profits has been achieved despite the sale of a former 51 per cent subsidiary, United Foods, which contributed £186,000 to group profits in 1978 before tax and minority interest.

The board therefore feels that the real growth rate during 1979 was far more substantial than 27 per cent.

The first quarter of the current year shows "satisfactory growth".

Sheffield Twist drill up 14 pc

With turnover rising from £23.9m to £27.6m for 1979, Sheffield Twist Drill & Steel managed a 14 per cent increase in pretax profits to £1.28m. The dividend is 3.17p gross against 3.03p.

A change in accounting policy for deferred tax resulted in a credit of £1.4m against £1.13m which has been treated as a prior-year adjustment.

The board says that the results were adversely affected by a loss of production because of bad weather conditions, and the national haulage dispute in the first quarter followed by the national engineering dispute in the third quarter.

McKechnie Brothers up 27 pc at half year

By Our Financial Staff

Non-ferrous metal group McKechnie Brothers shrugged off the worst effects of the engineering strike in the half year to January 31. Profits rose by 27.6 per cent on sales up by 25.2 per cent, though the interim dividend was unchanged.

The profit figure was £2.7m against £2.1m while sales were up from £53.3m to £66.2m. The last full year produced profits of £15.1m on sales of £121.1m.

At the operating level, before the metal account, the profits were up from £5.4m to £6.4m after charging depreciation of £1.56m against £1.48m last time. Associates contributed £2.8m against £1.6m.

Harold Perry up 31pc

By Our Financial Staff

Ford's main dealer, Harold Perry Motors turned in a 31 per cent profit increase in 1979 on sales up by 32 per cent. The profit figure was up from £27.6m to £36.2m and sales rose from £87.6m to £115.3m.

Profits from new cars were 35 per cent up on sales 25.5 per cent higher while commercial vehicles profits were 54 per cent higher on sales of 25.4 per cent more units. Other trading activities, including petrol, replacement parts and industrial equipment, produced 33 per cent of total group operating profit.

In the first quarter of this year profits of £1.36m represented an 11 per cent decline from last year's level, despite higher volume sales. Profits from commercial vehicles, however, were up.

The board is proposing a one-for-one scrip issue. The final dividend is 5.7p gross, making a total for the year of 10p. The shares fell 8p yesterday to 147p where they yield 6.8 per cent and sell at four times stated earnings of 37p per share.

Appointments Changes at Thomson Holdings

Mr W. M. Brown and Mr J. Evans are appointed joint deputy managing directors of Thomson Holdings, the principal United Kingdom subsidiary of International Thomson Organisation. Mr C. C. Brown remains managing director and chief executive. Mr C. N. D. Cole and Mr J. A. Savage are appointed directors. Mr Cole, Thomson managing director and chief executive of Thomson Regional Newspapers, is appointed chairman of Thomson Sea in addition to Mr W. M. Brown, who remains chairman and chief executive of Thomson Travel. Mr I. M. Clubb will join the headquarters staff of Thomson British Holdings as financial director, reporting to Mr W. M. Brown. In addition, Mr Clubb becomes chairman of Thomson Motor Sea in addition to Mr W. M. Brown, who remains a non-executive director.

Mr Bryan Midgrew, managing director of Lloyd's Register of Shipping, has been elected the new president of the Institution of Mechanical Engineers.

Mr Peter J. Harper, joining the board of John Laing as managing director of the group's products and trading activities.

Sir Barrie Head, former chairman of Rank Xerox (UK), and Rank Xerox GmbH (Germany) subsidiaries, of Rank Xerox Limited, which he is a main board director.

Dr Alan Robertson, now a member of the Halifax Building Society's London board of directors.

Mr Ronald K. Will succeeds Mr Ernest M. Dawson, who has been chairman of Scottish Equitable Life Assurance Society.

Mr Alan Ramsden will be director of personnel at the British National Gas Corporation.

Mr John N. Barber, who has been elected a non-executive director of Amalgamated Metal Corporation.

Mr Graham Clark has joined the board of English Electric Valve Company as technical director.

Mr J. L. M. Wilson will succeed Mr T. N. Garfield as senior partner of the Edinburgh-based law firm of Messrs W. & J. W. Watson.

Mr D. G. Clive, Lord Terrington and Mr S. R. B. Wood leave the partnership.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8BB Telephone 01-621-1212

The Over-the-Counter Market

1979/80 High	Low	Company	Price	Change	Dividend	P/E
59	60	Airpro Group	63	+2	6.7	10.6
50	26	Armstrong & Rhodes	28	-22	13.6	1.0
275	185	Bardon Hill	28	-245	13.6	1.0
100	80	Counay Co. Ltd	86	+6	10.2	10
101	63	Deborah Ord	112	+11	2.9	7.0
112	98	Frederick Parker	101	-12	12.8	12.7
129	98	Frederick Parker	101	-12	12.8	12.7
156	102	George Blair	107	-45	16.5	18.4
70	45	Jackson Group	69	-1	5.2	7.5
153	111	James Burrough	111	-42	6.5	19
300	242	Robert Jenkins	282	-58	13.1	49
232	175	Torday Limited	221	-51	14.5	15.2
34	11	Twinkl Ord	16	-18	13.6	1.0
50	23	Twinkl Ord	16	-18	13.6	1.0
50	47	Unilock Holdings	46	-4	4.6	6
90	136	W. S. Yeates	136	+46	1.1	6.6

* Accounts prepared under provision of SSAP 15

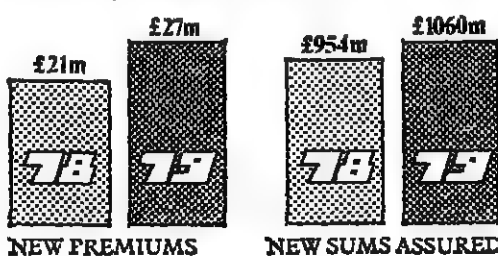
Highlights from the 1979 statement by Edwin W. Phillips, MBE, Chairman of Friends' Provident

Friends' Provident announces record bonuses

"I am pleased to declare bonuses at record levels on all classes of with profit contracts in the U.K. and Republic of Ireland."

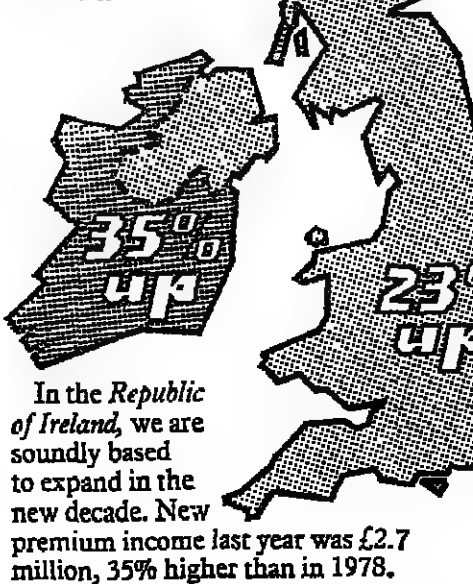
Trading results show significant advances...

Overall new contracts produced annual premiums of £27 million, an increase of 28% over the previous year. The new sums assured under these contracts were in excess of £1 billion for the first time.



on the home market...

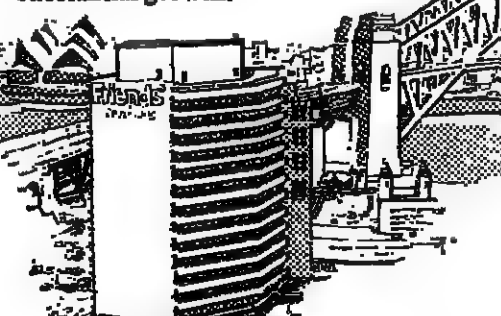
In the U.K., new premium income was £3.7 million higher than in 1978. In September, we introduced a new with profits policy Multidowment, which quickly proved popular and is already rivaling Maxidowment as our best-selling individual contract.



In the Republic of Ireland, we are soundly based to expand in the new decade. New premium income last year was £2.7 million, 35% higher than in 1978.

and overseas...

Our Canadian company, Fidelity Life, is also moving into a period of growth from its present stable, but still small, base. In Australia, following the consolidation of our original business with the funds we took over recently, we are now able to embark on an ambitious programme for substantial growth.



Friends' Provident building in Sydney.

Investments approach £1 billion...

Our continued growth was reflected in the market value of all our investments which are fast approaching £1 billion. The world-wide yield on the average funds increased from 10.84% for 1978 to 11.42% for 1979.

Our property side has had an extremely busy year, tidying up the Land and House portfolio, pruning secondary properties and establishing a new link with Frincon Holdings Limited.

Our Managed Pension Fund has had a good second year, virtually doubling in size to £24 million. We have recently commenced an Individual Managed Fund to extend similar investment advantages to executives and directors of smaller companies.

FRIENDS' PROVIDENT

Friends' Provident Life Office, Dorking, Surrey, RH4 1QA. Telephone: Dorking (0306) 5055 and 24 branch offices. Founded 1832. Incorporated by Act of Parliament. Sums assured in UK exceed £2,000m.



We are well into our second four-year development of advanced computer systems. A larger computer, colour display and printing on our terminals throughout the U.K. and Republic of Ireland will help our staff and their presentation to the public, and maintain our lead in service to all policyholders.

The Future...

We believe in the value we can give through protection and savings, and in the exceptional service provided by our staff. I wish to thank most sincerely those who have served us world-wide for the success achieved during an exceptionally difficult period.

We look forward to the 1980s with genuine confidence and feel justified in planning for real expansion.

To: Company Secretary, Friends' Provident Life Office, Dorking, Surrey RH4 1QA. Please send a copy of the 1979 Annual Report to:

Name _____
Address _____



24/11/80

Commodities

Discount market

Money Market Rates

Foreign exchange report

Sterling Spot and Forward

Sterling: Other Markets

Dollar Spot Rates

Currency Rates

Euro-\$ Deposits

Calls were produced in favourites such as Courtaulds, Currho, Grattan Warehouses and European Ferries and was arranged in F.N.F.C. "Doubles" were also completed in MFI, BSG Int and Curmah.

Wall Street

ran following its threat to
all exports if the United
States blockades its ports.

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1990			1990		
Low			High	Low	
Offer Trust	Bid Offer Yield		Bid Offer Trust	Bid Offer Yield	
100.0	From Van East	31.4	Hanscom's Steam International Pty Ltd		

ICFC enters contest for Drilling Tools

1975-76			
Bid	High Bid	Low Offer	Bid Offer Vio

Recent Issues

Author

Krugger
du erde

1979-80					
High Bid	Low Offer Trnd			High Bid	Low Offer Yield

Options

unsettled conditions in
t of the market boiled
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total contracts dropped
538 to 329. The intro-
of the new January
failed to spark much
although Shell, Grand

Euro-\$ Deposits

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Authorized units, Insurance & Offshore Funds

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By Michael Transport British give and unless the to more g financial. Peter, Parli his chair railways by year in ment's ca doing the death was "The f Rail is our finance short of bility," S pointing c improved "The been bert financial be forced parading Sir Pe pump response to the Minis said in a question that he you want in limits" i effective European was no ing tu a summer freight made before 1978. I want co- in charges compare £6.4m. 7 £530m. i for. The l Govern limit c hopes u It also

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HOME NEWS

Man admits to murder during hearing of kidnapping charge

Our Correspondent

A man who has pleaded guilty to conspiring to black-mail a woman, admitted to murdering her during the hearing of a kidnapping charge at York Crown Court yesterday.

John "Jack" Reilly, aged 31, who has admitted to conspiring to black-mail, told the court that he had killed a woman, Mrs. Mary Reilly, on August 12, 1977, by slitting her throat.

Reilly, an unemployed man of no settled address, the jury was told, had been forced to go to a 21-year-old girl on the street, Mrs. Mary Reilly, and persuade her to go to his flat.

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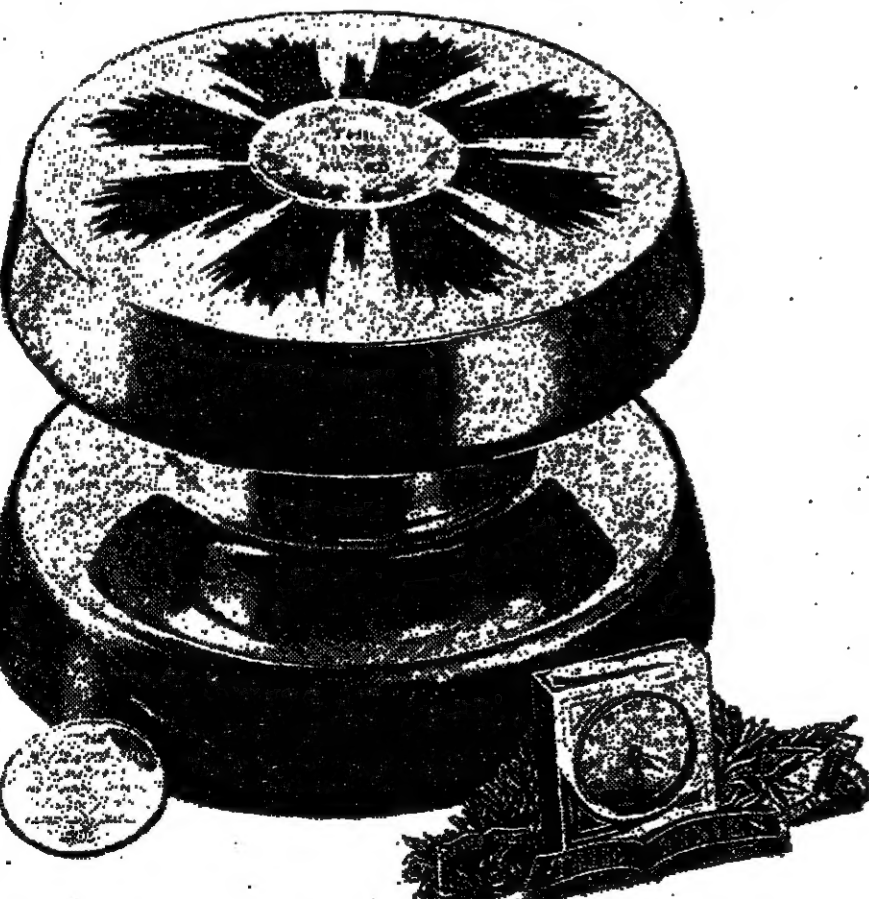
Special Branch officer's mission on fingerprints

Staff Reporter

Sergeant Geoffrey Dale, Special Branch, admitted to a mission yesterday that he was to write to the Metropolitan Police Commissioner asking for a list of fingerprints, even if he knew that it was the policy to keep them.

Dale said in evidence that the suggestion to Mr. J. Connolly, aged 32, to write to the Metropolitan Police Commissioner asking for a list of fingerprints, even if he knew that it was the policy to keep them.

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The Times Awards 1980

The Times Awards for the best advertisement of a company's results have aroused considerable interest since their introduction in 1974, and we have great pleasure in announcing the 1980 Awards.

Conditions of entry remain unchanged and the awards will follow the established pattern.

The Grand Prix, a silver trophy specially designed for The Times by Gordon Hodgson, will be awarded to the entrant whose advertisement is judged to be the best of all those submitted.

First prize for winners of each three categories is a beautiful sterling silver clock, based on the Times motif. Second and third placings each receive a commemorative silver medalion. All category awards will be made to both the winning advertiser and the agent.

For further details of conditions of entry please contact: The Times Marketing Department, The Times New Printing House, Square, Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234 Ext. 7802.

THE TIMES BUSINESS NEWS

Law Report April 24 1980

Damages for loss from delayed completion

Raineri and Others v. Wiesjki and Another
Before Viscount Dilhorne, Lord Edmund-Davies, Lord Fraser of Tullybelton, Lord Russell of Killowen, Lord Goff of Chieveley, Lord Brightman, Lord Griffiths and Lord Bridge of Harwich.

The House of Lords, Viscount Dilhorne dissenting, held in a 3-2 majority that a vendor of land who delays completion of a contract for sale of land is liable to pay damages for loss of interest on the purchase price.

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No room in prisons for petty offenders

Regina v. Upton
Before Lord Lane, Lord Chief Justice Griffiths and Lord Justice Webster.

The Lord Chief Justice said that the prison system was not designed to deal with petty offenders, and that the courts should not impose prison sentences on them unless it was absolutely necessary.

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ing to rules of equity are not to be applied to a contract, are also construed and have effect as if they were part of the contract. The House of Lords, Viscount Dilhorne dissenting, held in a 3-2 majority that a vendor of land who delays completion of a contract for sale of land is liable to pay damages for loss of interest on the purchase price.

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On the second question—the effect of the contract on the completion of the contract—the House of Lords, Viscount Dilhorne dissenting, held in a 3-2 majority that a vendor of land who delays completion of a contract for sale of land is liable to pay damages for loss of interest on the purchase price.

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Immigration appeals on facts

Regina v. Immigration Appeal Tribunal, Ex parte B and Others
Before Lord Justice Brightman and Dame Elizabeth Lane.

The Immigration Appeal Tribunal, Ex parte B and Others, held that the Immigration Appeal Tribunal has jurisdiction to hear appeals on facts.

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Rules for advertising petitions
Advertisements of winding-up petitions must be made in accordance with the rules of the Court of Chancery.

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House of Lords

COMPANY MEETING

BRASCAN LIMITED
(Incorporated under the laws of Canada)

Notice is hereby given that the 1980 Annual General Meeting of the shareholders of Brascan Limited will be held at the Toronto Convention Centre, 220 Bay Street, Toronto, Ontario, Canada, on Friday, May 2, 1980, at 11:00 a.m. (Toronto time) for the following purposes:

- To receive the report of the directors and the auditors for the year ended December 31, 1979;
- To consider and, if thought fit, to sanction a dividend of 10% on the common shares of the Company;
- To consider and, if thought fit, to sanction a dividend of 10% on the preferred shares of the Company;
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Daily Transcript Service

Barry Baines & Co.,
40a St. Thomas St., Weymouth,
Dorset, DT4 8EH
Tel. 030 57-75300

COMMERCIAL SERVICES

WANTED: Approx. 5,000 sq. ft. of office space, preferably in the City of London, for a growing business. Tel. 01-234 5678.

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